

CASE 2538: Application of SOUTHWEST
PROD. for a non-standard oil pro-
duction unit

2538

2538

History, Transcript,
All Exhibits, Etc.

No. 13-62

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE
LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate Examiner:

CASE 2532: Application of Zapata Petroleum Corporation for two additional injection wells, Maljamar Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to convert its Phillips 8-B Wells No. 3 and 5 located respectively in Units H and B, Section 19, Township 17 South, Range 33 East, Lea County, New Mexico, to water injection wells in its pilot waterflood project in the Maljamar (Grayburg-San Andres) Pool authorized by Order No. R-2157.

CASE 2533: Application of Amerada Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project in that portion of the Saunders Permo-Pennsylvanian Pool underlying the S/2 S/2 of Section 3 and N/2 of Section 10, Township 15 South, Range 33 East, Lea County, New Mexico, with the injection of water into the Pennsylvanian formation initially to be through one well located in the NE/4 NW/4 of said Section 10.

CASE 2534: Application of Amerada Petroleum Corporation for a quadruple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State NJ "A" Well No. 3 located in Unit A of Section 2, Township 25 South, Range 37 East, Lea County, New Mexico, as a quadruple completion (combination) in the San Andres, Blinebry, Drinkard and Devonian formations in the North Justis Field with the production of oil from the Devonian and Drinkard formations to be through separate strings of 1 1/2-inch tubing set within parallel strings of 3 1/2-inch casing, and the production of oil from the Blinebry formation through a parallel string of 2 7/8-inch casing; applicant proposes to dispose of salt water into the San Andres formation through a parallel string of 2 3/8-inch casing.

CASE 2535: Application of Amerada Petroleum Corporation for a quadruple completion and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its L. G. Warlick "A" Well No. 1, located in Unit I of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico, as a quadruple completion

(combination) in the Eumont Gas, Blinebry Oil, Penrose-Skelly Oil and Drinkard Oil Pools with the production of oil from the Drinkard and Penrose-Skelly formations to be through parallel strings of 2 7/8-inch casing, the production of oil from the Blinebry formation through a string of 1 1/4-inch tubing set within another parallel string of 2 7/8-inch casing and the production of gas from the Eumont formation through the casing-tubing annulus. Applicant further seeks the establishment of a 160-acre non-standard gas proration unit in the Eumont Gas Pool comprising the S/2 NE/4 and the N/2 SE/4 of said Section 19, said unit to be dedicated to said L. G. Warlick "A" Well No. 1.

CASE 2536:

Application of William A. & Edward R. Hudson for a secondary recovery project, Maljamar Pool, Eddy County, New Mexico. Applicants, in the above-styled cause, seek permission to institute a secondary recovery project in the Maljamar Pool in an area underlying their Puckett "A" and "B" Leases located in Section 24, Township 17 South, Range 31 East, Eddy County, New Mexico, with the injection of water into the Grayburg-San Andres formation initially to be through six wells, said project to be governed by the provisions of Rule 701.

CASE 2537:

Application of J. C. Williamson for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Westates-Federal Well No. 8 located in Unit E of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in the North Justis-McKee Pool and an undesignated Montoya pool with the production of oil from both zones to be through parallel strings of tubing.

CASE 2538:

Application of Southwest Production Company for a non-standard oil proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 73.89-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool comprising the NE/4 SE/4 and that portion of the NW/4 SE/4 lying North of the mid-channel of the San Juan River, of Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico, said unit to be dedicated to the Footz-State Well No. 1, located 1912 feet from the South line and 2310 feet from the East line of said Section 16.

CASE 2539: Application of Pan American Petroleum Corporation for an exception to Order No. R-333-E, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-333-E to permit the extension of the terminal date for the 1961 deliverability test period from December 15, 1961, to March 1, 1962, for ten wells located in Townships 27 and 28 North, Ranges 10 and 11 West, San Juan County, New Mexico.

CASE 2540: Application of Pan American Petroleum Corporation for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its State "CK" Well No. 2, located in the NE/4 SW/4 of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico, as a triple completion in the Drinkard, Blinebry and Paddock Oil Pools with the production of oil from the Blinebry and Drinkard formations and the production of undetermined hydrocarbons from the Paddock formation.

CASE 2541: Application of J. Glenn Turner for a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Ballard Well No. 11-15 located in Unit D of Section 15, Township 26 North, Range 9 West, San Juan County, New Mexico, as a dual completion (conventional) in the Basin-Dakota Gas Pool and an undesignated Gallup oil pool with the production of gas from the Dakota formation and the production of oil from the Gallup formation to be through parallel strings of 2 1/16-inch tubing.

CASE 2542: Application of La Plata Gathering System, Inc. for a dual completion, a non-standard gas proration unit, and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete a gas well to be located at an unorthodox gas well location 1980 feet from the South line and 734 feet from the East and West lines of Section 19, Township 32 North, Range 5 West, Rio Arriba County, as a dual completion (conventional) in the Blanco-Mesaverde and Basin-Dakota Gas Pools with the production of gas from the Dakota formation to be through a string of 2 1/16-inch tubing and the production of gas from the Mesaverde formation to be through a parallel string of 1 1/2-inch tubing. Applicant further seeks the establishment of a 355.25-acre non-standard gas proration unit in the aforesaid pools comprising all of Sections 18 and 19, in said township to be dedicated to the above-described well.

Docket No. 13-62

CASE 2543:

Application of G. W. Strake for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its LeBow-Federal Well No. 6 located in Unit I of Section 25, Township 19 South, Range 30 East, Eddy County, New Mexico, as a dual completion (conventional) in the North Hackberry-Yates and Hackberry-Seven Rivers pools with the production of oil from both formations to be through parallel strings of 2 1/16-inch tubing.

CASE 2544:

Application of Perry R. Bass for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Plains Unit Agreement embracing 7,198.01 acres, more or less, of federal lands in Township 19 South, Range 32 East, Lea County, New Mexico.

CASE 2545:

Application of The British American Oil Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jalmat Field-Yates Sand Unit Agreement embracing 2,760 acres, more or less, of State and fee lands in Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 2546:

Application of The British American Oil Producing Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Yates formation in the Jalmat Pool in an area underlying its proposed Jalmat Field-Yates Sand Unit Area, comprising 2,760 acres, more or less, in Township 22 South, Range 35 East, Lea County, New Mexico, with injection of water initially to be through 16 wells located within said unit area, the project to be governed by the provisions of Rule 701.

HUMBLE OIL & REFINING COMPANY
CENTRAL REGION
POST OFFICE BOX 120 - DENVER 1, COLORADO

DENVER AREA

JOHN D. KNODELL,
AREA ATTORNEY

1962 APR 19 PM 1:24 April 19, 1962

Oil and Gas Conservation Commission
State of New Mexico
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Southwest Production Company
for a Non-Standard Oil Proration Unit, San
Juan County, New Mexico - Case No. 2538

Gentlemen:

Southwest Production Company has applied for the establishment of a 73.89 acre non-standard oil proration unit in the Cha Cha Gallup Oil Pool, comprising the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16 and that portion of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16, Township 29 North, Range 14 West, lying north of the mid-channel of the San Juan River. Southwest Production Company requests that the unit be dedicated to the Foutz-State Well No. 1 located 1,912 feet from the north line and 2,310 feet from the east line of Section 16.

Humble Oil & Refining Company is Operator of the Northwest Cha Cha Gallup Unit, which unit includes, among other lands, all of that portion of Section 16 which lies south of the mid-channel of the San Juan River. Humble has no objection to the entry of an order establishing the non-standard oil proration unit as requested in the application of Southwest Production Company.

Very truly yours,

John D. Knodell, Jr.

JDK:ch

Case 2538

Heard 4-25-62

Rec. - 4-26-62

1. Grant Southments request for NWU in Cha Cha Oil Pool.
2. R-2030 should be cancelled.
3. The new unit made up of parts of the two approved in R-2030 shall be 29N-14W, Sec. 16 Lot 1, and the NE/4 SE/4. (all of N/2 SE/4 north of & of San Juan River) 73.89 Ac.)
4. The unit well is SW-20tz #1 1912/3, 2310/E line of 16-29-14
5. There is a fair ~~assumption~~ assumption that all of the NE/4 SE/4 is productive.

Chris A. Kelly

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

*60000
2538*

C
O
P
Y

March 30, 1962

Southwest Production Company
207 Petroleum Club Plaza
Farmington, New Mexico

Attention: Mr. Joseph P. Driscoll

Gentlemen:

Reference is made to your application, dated March 26, 1962, for administrative approval of a non-standard oil proration unit comprising 73.89 acres lying North of the mid-channel of the San Juan River in Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico.

The Commission is of the opinion that your application is not eligible for administrative approval and is therefore setting it for hearing before one of the Commission's examiners on April 25, 1962.

If I can be of further assistance to you in this matter, please advise.

Very truly yours,

J. E. WHITFIELD
Legal Assistant

JEW/esr

*Robert
Madsen
4/12/62
[Signature]*

SOUTHWEST PRODUCTION COMPANY

207 Petroleum Club Plaza
Farmington, New Mexico

JOSEPH P. DRISCOLL

JOHN H. HILL

March 26, 1962

Mr. A. L. Porter, Director
New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Re: Southwest Production Company's Foutz
State No. 1 well, Section 16, T-29-N,
R-14-W, Cha Cha-Gallup Pool, San Juan
County, New Mexico

Dear Mr. Porter:

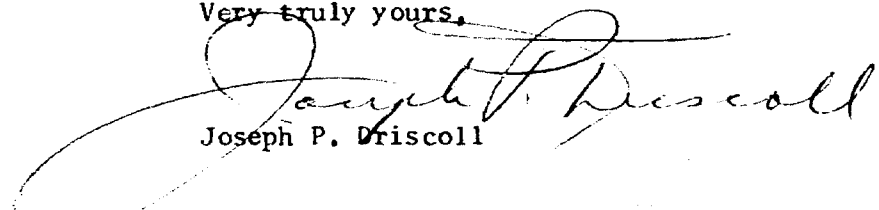
Application for Administrative Approval of a non-standard oil pro-
ration unit is being made for the above well consisting of 73.89 acres
which includes (Lot 1, 33.89 acres NW/4 of SE/4 lying north of the
mid-channel of the San Juan River, and all of the NE/4 of the SE/4.

By Order R-2030 two proration units were established, one unit con-
sisting of the west 56.625 acres dedicated at present to the above
well, and one unit consisting of the east 56.625 acres of that portion
of the SE/4 of Section 16, Township 29 North, Range 14 West, N.M.P.M.,
San Juan County, New Mexico, lying north of the mid-channel of the San
Juan River. However, under the present economic circumstances and
rising Gas-Oil Ratios we feel that another well on the east 56.625
acre unit would be uneconomical and ask that we be allowed to re-
dedicate the acreage above described to the present well.

We have re-treated this well with 60,000# of sand and expect an
increase in production.

Copies of this application are being furnished to all offset operators.

Very truly yours,


Joseph P. Driscoll

JPD:pc

cc: OCC District Office, Aztec, N. M.
Southwest Production Company, 3108 Southland Center, Dallas 1, Texas
Sunray Mid-Continent Oil Co., 200 Petr. Club Plaza, Farmington, N. M.
Grossman & Lockie, 400 Beckland Dr., Farmington, N. M.
Pan American Petroleum Corp., 501 Airport Dr., Farmington, N. M.

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

AMENDED PLAT

104538

Section A.

Date _____

Operator SOUTHWEST PRODUCTION COMPANY Lease FOUTZ # STATE
 Well No. 1 Unit Letter K Section 16 Township 29 NORTH Range 14 WEST, NMPM
 Located 1912 Feet From the SOUTH Line, 2310 Feet From the EAST Line
 County SAN JUAN G. L. Elevation 5181.0 Dedicated Acreage 73.89 Acres
 Name of Producing Formation GALLUP Pool CHA CHA GALLUP

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
 Yes No _____
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes _____ No _____. If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner	Land Description

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Southwest Production Company
 (Operator)

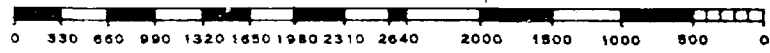
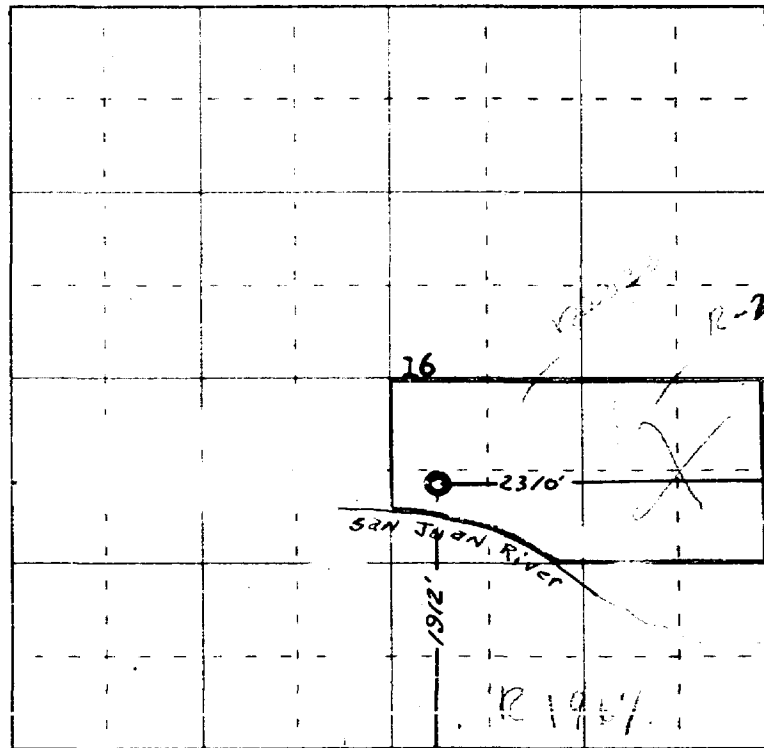
 (Representative)
Carl Smith, Superintendent

 (Address)
Petroleum Club Building

Farmington, New Mexico

Ref: GLO plat dated 31 August 1882

Note: All distances must be from outer boundaries of section.



Scale 4 inches equal 1 mile



This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

(Seal)

Date Surveyed 1 June 1961

Farmington, New Mexico

James P. Leese
 Registered Professional Engineer and/or Land Surveyor
 James P. Leese N. Mex. Reg. No. 1463
 San Juan Engineering Company

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PHONE 325-1162

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
April 25, 1962

IN THE MATTER OF:

Application of Southwest Production Company
for a non-standard oil proration unit, San
Juan County, New Mexico. Applicant, in the
above-styled cause, seeks the establishment
of a 73.89-acre non-standard oil proration
unit in the Cha Cha-Gallup Oil Pool com-
prising the NE/4 SE/4 and that portion of the
NW/4 SE/4 lying North of the mid-channel of
the San Juan River, of Section 16, Township
29 North, Range 14 West, San Juan County,
New Mexico, said unit to be dedicated to the
Foutz-State Well No. 1, located 1912 feet
from the South line and 2310 feet from the
East line of said Section 16.

CASE
2538

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2538.

MR. MORRIS: Application of Southwest Production
Company for a non-standard oil proration unit, San Juan County,
New Mexico.

MR. VERITY: George Verity for the applicant.

MR. UTZ: Are there other appearances? You may pro-
ceed. Let's swear the witness in.

(Witness sworn)



V. L. WIEDERKEHR, called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. VERITY:

Q Will you please state your name and occupation?

A V. L. Wiederkehr, W-i-e-d-e-r-k-e-h-r. I'm employed as assistant superintendent of Southwest Production Company.

Q Mr. Wiederkehr, have you testified before this Commission heretofore as an expert with regard to oil and gas production and reservoirs?

A Yes, sir.

Q Are you familiar with the condition in Section 16, of Township 29 North, Range 14 West, San Juan County, New Mexico?

A Yes, I am.

Q Particularly the Southeast Quarter of this Section?

A Yes.

Q Mr. Wiederkehr, heretofore was Southwest Production Company granted an application to establish two non-standard production units for the production of oil from the Gallup formation underlying a portion of the Southeast Quarter of Section 16?

A Yes, at an Examiner Hearing, I believe on the 28th of June, 1961, we requested two non-standard oil proration units and they were granted.

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(Whereupon, Applicant's Exhibits
1 and 2 were marked for
identification)

Q I hand you what the reporter has marked as Plaintiff's
Exhibit Number 1, is that the Order which was issued by the
Commission which you just referred to?

A Yes, that is the Order R Number 2030.

Q As to the acreage in the Southeast Quarter of Section
16, do you know whether or not it was placed in a non-standard
unit by Order R-1967 of the Commission?

A The acreage south of the river you are speaking of?

Q Yes.

A In the Southeast Quarter?

Q Yes.

A That acreage belongs to Pan American and was given a
non-standard unit. I don't recall the Order number.

MR. VERITY: We offer in evidence Order Number R-1967.

Q The Order R-2030 placed everything north of the center
of the river into two equal units, is this correct?

A That's right.

Q Is all that acreage underlain by effective pay, in
your opinion?

A Yes, I do.

(Whereupon, Applicant's Exhibits
3 and 4 marked for identifi-
cation)

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Q Mr. Wiederkehr, I hand you what the reporter has marked as Exhibit Number 3. Will you tell us what it is, please?

A This is an isopach that I prepared for the previous hearing I had spoken on back the 28th of June, in which I suggested we would have five feet of pay in a proposed well. We drilled the well and electric log bore out that five feet of pay with a cutoff of 50 ohms on the induction log.

Q Does Exhibit 3 show that all the North Half of the Southeast quarter of Section 15 is underlain with formation from the Gallup?

A From that isopach map which prepared at that time, it shows to all be productive, and the well that we drilled fell right in line.

Q So that it was confirmed?

A Yes.

MR. VERITY: We offer in evidence Exhibit Number 3.

Q Mr. Wiederkehr, is it feasible to drill a well on the east 56-acre unit that was established by Order R-2030?

A At the time that we asked for this Order, we thought that additional well would be economical. We drilled the well known as the Foutz-State No. 1 after receiving this Order, and was completed the 22nd of October. The initial potential was very good on the well, but the production has declined rapidly, but we feel at this time that an additional well in this second



oil and non-oil-bearing units will not be considered.

Q I want your attention now to Exhibit Number 4, will you please tell us what it is?

A It's a map of the Southeast Quarter of Section 16, Township 29 North, Range 14 West, identifying outline in red, the acreage that Southwest Production Company owns. It also identifies the present acreage dedicated to this Foutz-State Well in green and it identifies the acreage that we request to now dedicate to the Foutz-State in red hashmarks.

Q Who owns all of the minerals in the lands lying north of the center of the river in the Southeast Quarter of 16?

A It is a state lease. The state owns the minerals.

Q So that there's one common mineral ownership?

A Correct.

Q Do you know whether or not it's all under the same lease?

A My understanding is that it is all the same state lease.

Q Now, the well that is presently located in the Northwest Quarter of the Southeast Quarter is currently producing?

A That is correct.

Q In your opinion, will it drain oil from all of the North Half of the Southeast Quarter of Section 16 lying north of the center of the river?

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A Yes, I think it will.

MR. VERITY: We offer Exhibit Number 1 and also Exhibit Number 4 in evidence. That's all. Excuse me, one other question.

Q Mr. Wiederkehr, what acreage is in the unit that you propose to dedicate to this well which is all of the North Half of the Southeast lying north of the center line of the San Juan River?

A This would comprise some 73.89 acres, being the Northwest Quarter of the Southeast Quarter, and the Northwest of the Southeast, that is, all of the Northwest of the Southeast lying north of the center line of the San Juan River.

Q Would this be everything in the North Half of the Southeast except that part that was allowed to Pan American Petroleum Corporation in the non-standard unit granted by Order R-1957?

A No, there would be some remaining acreage known as Lot 7, I believe.

Q Let me repeat my question. Does your proposed unit include everything in the North Half of the Southeast Quarter except the acreage that was allowed to Pan American Petroleum Corporation in the non-standard unit granted in Order R Number 1957?

A That is correct. I beg your pardon, I misunderstood your question.

MR. UTZ: Are there objections to the entrance of

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Exhibits 1 through 4, and you offered your exhibit in Case 2323 in evidence in this case, also?

MR. VERITY: Yes, we have.

MR. UTZ: That was Exhibit Number 2 in this case?

MR. VERITY: Exhibit Number 2 in this case. I don't know what it was in the other case.

MR. MORRIS: It's marked as 3 in this case.

MR. VERITY: 3 in this case and it apparantly was 2 in the other.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Wiederkehr, the well you drilled in these, well, it would be the west tract of the non-standard unit in Case 2323 was known as the Foutz-State No. 1?

A Yes, sir, that's correct.

Q I believe you testified that it had five feet of net pay on a 50 ohm cutoff?

A A 50 ohm cutoff on the induction log, there was five feet of pay, yes.

Q Do you know what that well potentialled for?

A Yes, the well potentialled for 92 barrel after recovering the lead oil, the frac oil.

Q Do you know what last month's production was?

A Yes, sir. For the month of March the production was

335 barrels.

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Q That's just about 21 barrels a day?

A I calculated 22.5.

Q Did you have any control other than this well for the four foot and two foot curve contoured on your Exhibit Number 3?

A I don't have a copy of that with me, but there was a Pan American Buvaajo, B-9, I believe, to the southeast that probably also had some four foot of pay. I think I probably used that as part of the control, and a well that we had drilled we called the Maleso State No. 1 in this same Section 15, I no doubt used it as control on the other end.

Q Do you recall where that well was located?

A Maleso State would be in the Southwest Quarter, probably in the Northwest of the Southwest. It will be on that map you are looking at if you can find it.

Q I think this is it over in the Southwest of Section 15.

A It would be in the Northwest of the Southwest, yes, sir.

Q Well, that wouldn't contribute much to your control on the two and four foot contours, would it?

A Well, you'd just have to assume contour interval on out where you are lacking control.

Q So, actually there's some question as to whether there's any pay under the 40-acre tract, which consists of the Northeast of the Southwest of the unit requested here?



A You might say there's some question. There's certainly no information to deny this approach that I worked up on it.

Q The reason you didn't want to drill the other well was because you felt that you had confirmed this five and six foot contour on this map, and you felt like you could get another well just like it?

A Well, the same was there, the production just didn't hold as well as we had anticipated, as shown by the initial potential which it was very satisfactory, but the production declined rapidly; and even assuming that we would have the same five or six feet of pay in this second well that we might have drilled on the east unit, we called it, with a decline in production, we felt that second well now would probably not be economical.

Q At this time is it not your intention to dedicate the acreage in Lot 7, well, I'll have to put it in another way, the acreage immediately South of the proposed unit and north of the center line of the river in the Southeast Quarter of Section 16?

A It was not our proposal to put this acreage in that unit although we would be happy to put it in the unit if the Commission was agreeable. We asked for something less than a standard unit in size rather than ask for something more than

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a standard unit in size.

Q Actually, do you think this well will even come near producing a normal unit allowable for, it is a 75-acre tract?

A At this time, it will not. We feel that possible in some secondary recovery operations our allowable might be useful to us.

MR. UTZ: Are there any other questions pertaining to Exhibit 3?

MR. VERITY: I have a question on redirect.

REDIRECT EXAMINATION

BY MR. VERITY:

Q Mr. Wiederkehr, the projection that you have made on your isopach map, which is Exhibit Number 3, is that a normal conclusion that would be made from the information that is available?

A It appears very normal to me, comparing the contour interval there with the rest of the map where there is control, it's comparable.

Q Actually, any isopach map that you draw contains similar conclusions, doesn't it?

A For lack of control you have to assume something.

Q You have to extrapolate the areas where you don't have a hole in the ground, right?

A Right.



MR. VERITY: That's all.

REGROSS EXAMINATION

BY MR. UTZ:

Q But they can be extrapolated narrow and wide, can they not?

A That's right.

MR. UTZ: Without objection, Exhibits 1 through 4 will be entered into the record in this case. Are there other questions of the witness? The witness may be excused.

(Witness excused)

MR. UTZ: Are there any statements in this case?

MR. VERITY: Your Honor, I would like to point out that all we're asking in this case is what we were initially entitled to prior to the time that we felt --

MR. UTZ: Providing you got a well.

MR. VERITY: -- at the time that we asked for two 55-acre units. At that time we thought it would be economically feasible to drill two wells. The initial potential appeared to confirm our initial conclusion, but many of the wells in the pool at this juncture have fallen very sharply and this has happened here and it makes the second well just plain not feasible. I would also like to call to your attention the fact that Pan American thought that a well was feasible in that area south of the river and got this Order Number 1957, but that that

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PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
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will have never been drilled because of subsequent developments in the pool falling off. So, we feel that we're entitled to the normal customary 30-acre unit. Now in the previous Order that part south of the river has been taken out of it, so we don't ask for that 5 plus acres, at least the 73.00 hundredths acres in what is a normal 30 acre unit that we would be entitled to have, and that is the reason that we make this application and feel that it should be granted to us.

MR. UZZ: Are there statements? The case will be taken under advisement.



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STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 25th day of April, 1962, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing held on Case No. 2538, heard by me on April 25, 1962.

John A. [Signature]
Examiner
New Mexico Oil Conservation Commission



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 2538

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. 2323
Order No. R-2030

APPLICATION OF SOUTHWEST PRODUCTION
COMPANY FOR TWO NON-STANDARD OIL PRO-
RATION UNITS AND FOR AN UNORTHODOX
OIL WELL LOCATION IN THE CHA CHA-
GALLUP OIL POOL, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 28, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 13th day of July, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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 Commission Order No. R-1967, entered in Case No. 2271 on May 11, 1961, established a 46.75-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lot 6 and the S/2 of that portion of the San Juan River channel lying in the SE/4, all in Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the applicant, Southwest Production Company, is the owner and operator of the remaining acreage in the SE/4 of said Section 16, comprising 113.25 acres.

(4) That the applicant seeks the establishment of two non-standard oil proration units in the Cha Cha-Gallup Oil Pool, one unit consisting of the West 56.625 acres and one unit consisting of the East 56.625 acres of that portion of the SE/4 of said Section 16 lying North of the mid-channel of the San Juan River.

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CASE No. 2323
Order No. R-2030

(5) That the applicant further proposes to locate a well at an unorthodox location in the subject pool 1912 feet from the South line and 2310 feet from the East line of said Section 16, to which well the West proration unit is to be dedicated.

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

IT IS THEREFORE ORDERED:

(1) That two non-standard oil proration units in the Cha Cha-Gallup Oil Pool are hereby established, one unit consisting of the West 56.625 acres and one unit consisting of the East 56.625 acres of that portion of the SE/4 of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River.

(2) That the allowable which will be assigned to each proration unit shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 56.625 bears to 80.

(3) That in the event an official survey changes the amount of acreage in the subject tract now comprising 113.25 acres, the acreage to be allocated to each unit for allowable purposes shall be one-half of the acreage in the tract according to the change.

(4) That the applicant, Southwest Production Company, is hereby authorized to locate a well at an unorthodox location in the Cha Cha-Gallup Oil Pool 1912 feet from the South line and 2310 feet from the East line of said Section 16, to which well the above-described West proration unit is to be dedicated.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

S E A L

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

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

BEFORE EXAMINER UTE
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 2537

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

CASE No. 2271
Order No. R-1967

APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR TWO
NON-STANDARD OIL PRORATION UNITS
AND FOR AN UNORTHODOX OIL WELL
LOCATION, SAN JUAN COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 4, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, 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 11th day of May, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Pan American Petroleum Corporation, seeks the establishment of a 70.58-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 8 and 9 and the S/2 of that portion of the San Juan River channel lying in the S/2 NE/4, all in Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks approval of an unorthodox location for its Navajo Tribal "G" Well No. 7, at a point 2545 feet from the North line and 1670 feet from the East line of said Section 18, to which well the above-described 70.58-acre non-standard proration unit would be dedicated.

(4) That the applicant further seeks approval of a 46.75-acre non-standard oil proration unit in said pool, consisting of Lot 6 and the S/2 of that portion of the San Juan River channel

lying in the SE/4, all in Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, said unit to be dedicated to the Navajo Tribal "E" Well No. 10, located 660 feet from the South line and 1980 feet from the East line of said Section 16.

(5) That inasmuch as the above-described non-standard oil proration units are sought for the purpose of continuing the orderly development along the Northern boundary of the Navajo Indian Reservation in this area, the subject application should be granted.

(6) That the above-described non-standard oil proration units are presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

(7) That the above-described unorthodox location for the applicant's Navajo Tribal "G" Well No. 7 should be approved, provided however, that the results of a deviational survey should be reported to the Santa Fe Office of the Commission, and in the event such survey indicates the possibility that the subject well is bottomed outside the proration unit which is dedicated to it, then a directional survey should be taken.

IT IS THEREFORE ORDERED:

(1) That a 70.58-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, consisting of Lots 8 and 9 and the S/2 of that portion of the San Juan River channel lying in the S/2 NE/4, all in Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established.

(2) That the applicant is hereby granted permission to locate its Navajo Tribal "G" Well No. 7 at an unorthodox location 2545 feet from the North line and 1670 feet from the East line of said Section 18, to which well the above-described 70.58-acre non-standard proration unit is to be dedicated.

PROVIDED HOWEVER, That the results of a deviational survey of said well shall be reported to the Santa Fe Office of the Commission, and in the event such survey indicates the possibility that the subject well is bottomed outside the proration unit which is dedicated to it, then a directional survey shall be taken.

(3) That the allowable which will be assigned to said Navajo Tribal "G" Well No. 7 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 70.58 bears to 80.

(4) That a 46.75-acre non-standard oil proration unit in

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CASE No. 2271
Order No. R-1967

the Cha Cha-Gallup Oil Pool, consisting of Lot 6 and the S/2 of that portion of the San Juan River channel lying in the SE/4, all in Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, is hereby established. Said unit is to be dedicated to the Navajo Tribal "E" Well No. 10, located 660 feet from the South line and 1980 feet from the East line of said Section 16.

(5) That the allowable which will be assigned to said Navajo Tribal "E" Well No. 10 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 46.75 bears to 80.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

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

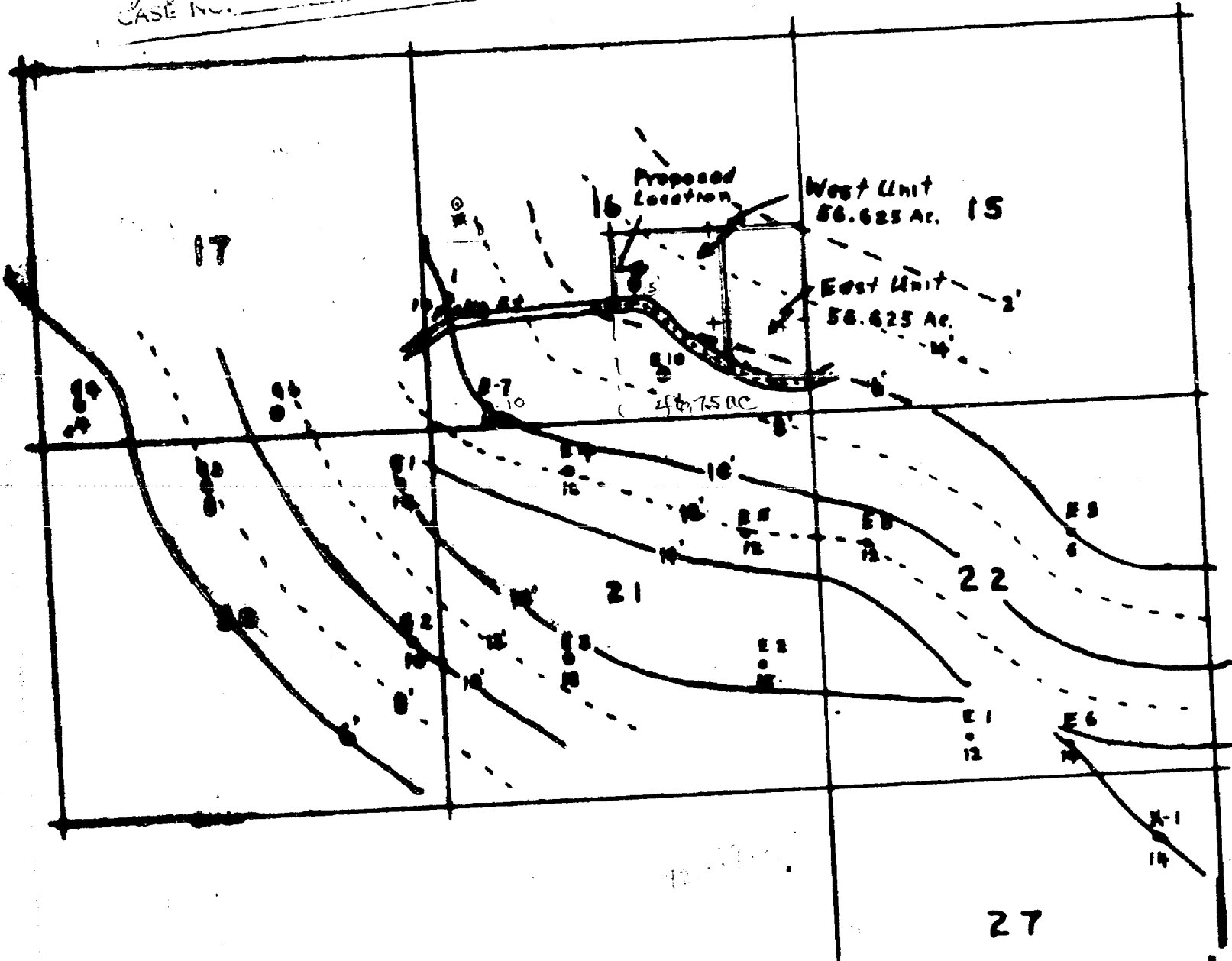
S E A L

esr/

SOUTHWEST PRODUCTION COMPANY
CMA CMA-GALLUP T29N, R14W
SAN JUAN COUNTY, N. M.

BEFORE EXAMINER UTE

CONCESSION
Agyl
EXHIBIT NO. 2037
CASE NO. _____



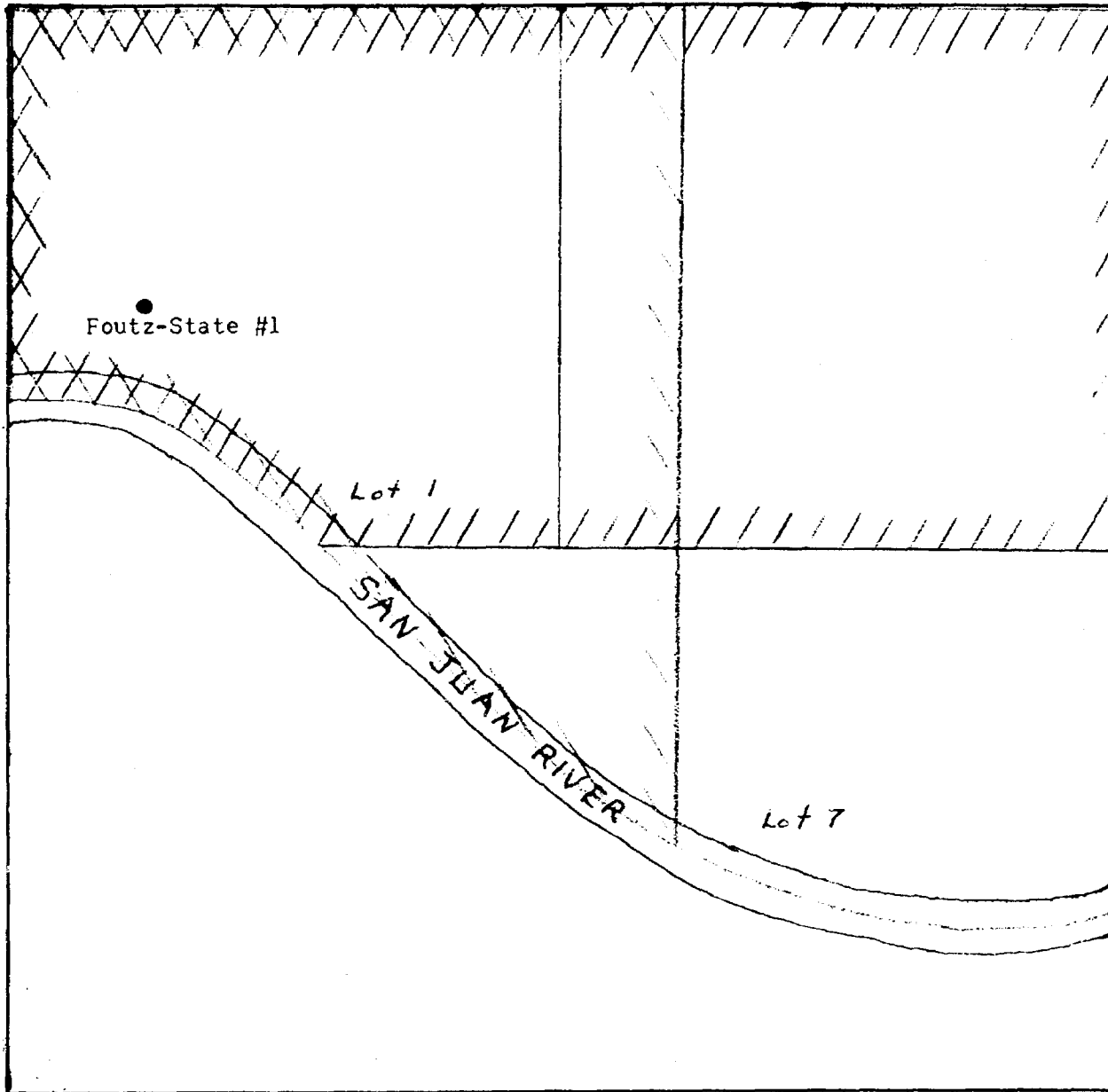
SCALE 1" = 2000'
CONTOUR INTERVAL 2'

SOUTHWEST PRODUCTION COMPANY




FARMINGTON DISTRICT OFFICE
207 PETROLEUM CLUB PLAZA
FARMINGTON, NEW MEXICO
325-0276

CARL W. SMITH
PRODUCTION SUPERINTENDENT

B
CL
2538



SOUTHEAST QUARTER SECTION 16 T-29 N R-14 W

-  Southwest Production Co. Acreage
-  Dedicated to Foutz-State #1 56.625 Ac.
-  Requested Dedication to Foutz-State #1 73.89 Ac.

Scale 1" = 400'