

CASE 2648: Application of EL PASO for
an unorthodox oil well location for
its CANYON LARGO UNIT WELL NO. 118.

26 48

tion, Transcript,
// Exhibits, Etc.

DRAFT

JMD/esr
October 11, 1962

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. 2648

Order No. R-2335

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN UNORTHODOX OIL WELL
LOCATION, 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 27, 1962, 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 _____ day of October, 1962, 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 the applicant, El Paso Natural Gas Company, seeks
approval of an unorthodox ^{oil} ~~gas~~ well location in the Devils Fork-
Gallup Pool for its Canyon Largo Unit Well No. 118 at a point
1090 feet from the South line and 800 feet from the West line
of Section 8, Township 24 North, Range 6 West, NMPM, Rio Arriba
County, New Mexico.

(3) That inasmuch as the ^{proposed} oil well location ^{will} ~~crowd~~ only
acreage owned by the applicant, approval of the subject appli-
cation will ^{not} ~~neither~~ cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is
hereby authorized an unorthodox oil well location in the Devils
Fork-Gallup Pool for its Canyon Largo Unit Well No. 118 at a

(5) That approval of the subject application will not cause waste

point 1090 feet from the South line and 800 feet from the West line of Section 8, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) 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.

El Paso Natural Gas Company

El Paso, Texas

September 7, 1962

New Mexico Oil Conservation Commission
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

As soon as possible, will you please act for Hearing
El Paso Natural Gas Company's application for an unorthodox
Lease for its Canyon Largo Unit No. 118, M, Section 8,
Township 24-N, Range 6-W, Rio Arriba County, New Mexico.
This well is located 800 ft. from the ~~West~~^W line and 1090 ft.
from the South line of said Section 8 and is producing oil from
the Devils Fork Gallup Pool.

If any further information is needed prior to the Hearing,
please advise me.

Yours very truly,

PRORATOR DEPARTMENT

Original Signed D.H. RAINEY

D. H. Rainey
Administrative Assistant

DHR:nmm

cc: Mr. Ben R. Howell
Mr. E. E. Alsup
Mr. L. D. Galloway
Mr. E. S. Oberly

DOCKET MAILED

Date 9/12/62

DR

COPY

Section A.

Date JUNE 12, 1962

Operator **EL PASO NATURAL GAS COMPANY** Locality **CANYON LARGO UNIT** SFO73877
 Well No. **118** Unit Letter **M** Section **8** Township **24-N** Range **6-W** NMPM
 Located **1090** Feet From **SOUTH** Line **800** Foot From **WEST** Line
 County **RIO ARRIBA** G. L. Elevation **6570** Dedicated Acreage **80** Acres
 Name of Producing Formation **GALLUP** Pool **DEVILS FORK 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

BEFORE EXAMINER UTZ
 OIL CONSERVATION COMMISSION
 ERNG EXHIBIT NO. 1
 CASE NO. 1648

Section B.

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

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

(Operator)

(Representative)

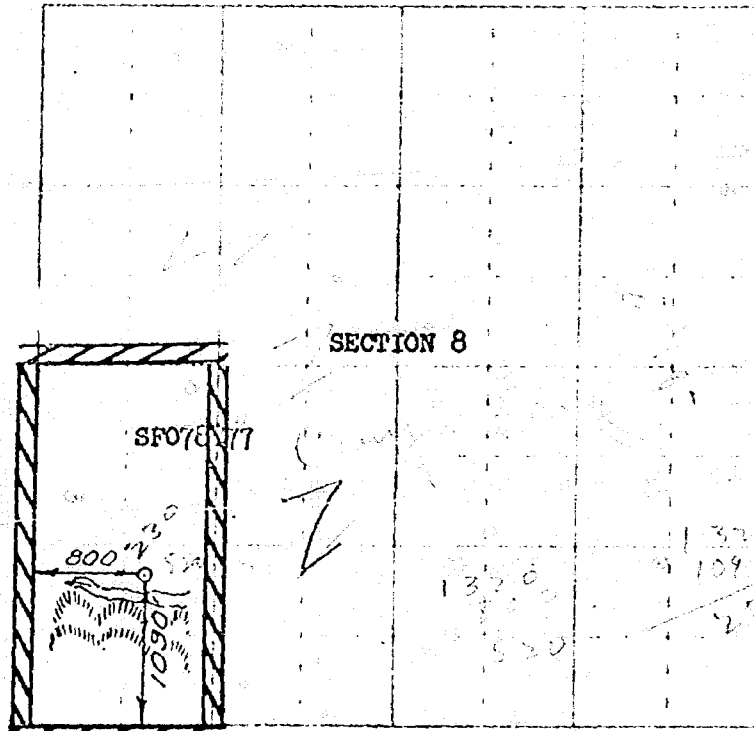
(Address)

NOTE:

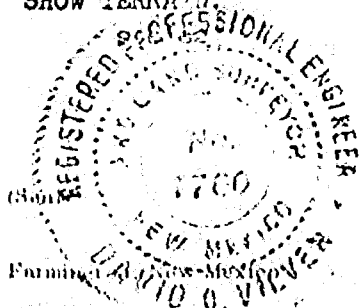
THIS PLAT IS REISSUED
 TO SHOW NEW DEDICATION.

8 10 62

THIS PLAT IS REISSUED TO
 SHOW TERRAIN.



Scale 1 inch equals 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.

Date Surveyed JUNE 4, 1962

David O. Viewer
 Registered Professional Engineer and/or Land Surveyor

Case 2648
Heard-8027-62
Rec. 10-8-62

Grant now-ltd-location for El Paso
Canyon Largo Unit # 118-1090/S + 800/W
lines of 8-24 N-6 W.

The well is crowding the N-40 A.
dedicated to the unit therefore ^{there will be} no
adverse drainage ~~with the~~

Thos A. H.

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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THE PURPOSE OF CONSIDERING:

CASE No. 2648
Order No. R-2335

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR AN UNORTHODOX OIL WELL
LOCATION, 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 27, 1962, 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 18th day of October, 1962, 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 the applicant, El Paso Natural Gas Company, seeks approval of an unorthodox oil well location in the Devils Fork-Gallup Pool for its Canyon Largo Unit Well No. 118 at a point 1090 feet from the South line and 800 feet from the West line of Section 8, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That inasmuch as the proposed oil well location will crowd only acreage owned by the applicant, approval of the subject application will not impair correlative rights.

(4) That approval of the subject application will not cause waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized an unorthodox oil well location in the Devils

-2-

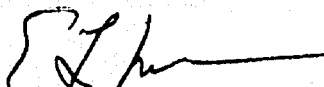
CASE No. 2648
Order No. R-2335

Fork-Gallup Pool for its Canyon Largo Unit Well No. 118 at a point 1090 feet from the South line and 800 feet from the West line of Section 8, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) 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.

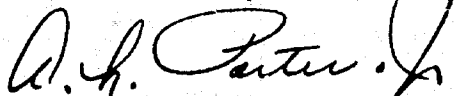
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



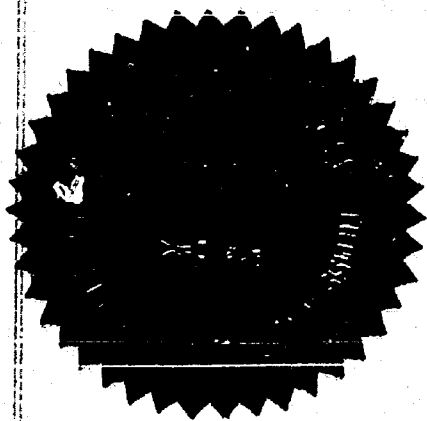
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esr/

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 671
SANTA FE

October 19, 1962

Mr. Richard Morris
Seth, Montgomery, Federici & Andrews
Attorneys at Law
Box 828
Santa Fe, New Mexico

Re: Case No. 2648
Order No. R-2335
Applicant:
El Paso Natural Gas Company

Dear Sir:

Enclosed herewith ~~are two copies~~ of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Aztec OCC X

OTHER Mr. Garrett Whitworth

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

September 27, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas
Company for an unorthodox oil well
location, Rio Arriba County, New
Mexico. Applicant, in the above-
styled cause, seeks approval of an
unorthodox oil well location for its
Canyon Largo Unit Well No. 118 at
a point 1090 feet from the South line
and 800 feet from the East line of
Section 8, Township 24 North, Range
6 West, Devils Fork Gallup Pool, Rio
Arriba County, New Mexico.

CASE NO.
2648

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

EXAMINER UTZ: Case 2648.

MR. DURRETT: Application of El Paso Natural Gas Company
for an unorthodox oil well location, Rio Arriba County, New Mexico.

MR. NORRIS: Mr. Examiner, Richard Morris of Seth, Mont-
gomery, Federico and Andrews, appearing for El Paso Natural Gas
Company in this case. Garrett Whitworth of the Texas Bar is as-
sociated with us in this case and will handle the presentation.

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ALBUQUERQUE, N. M.
PHONE 243-6691

SANTA FE, N. M.
PHONE 983-3971



MR. GARRETT: Mr. Dave Rainey, who is our witness, is ready to be sworn.

(Witness sworn.)

D. H. RAINEY,

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. GARRETT:

Q Mr. Rainey, would you state your full name for the record and by whom you are employed and in what capacity, sir?

A David H. Rainey, chief assistant in the production department of El Paso Natural Gas Company.

Q You filed the application in this case, didn't you, Mr. Rainey?

A Yes, sir, I did.

Q Would you like to correct an error at the outset?

A Yes, sir, this entire application inadvertently, in the application and in the call of the docket, that is, it stated the location of 1090 feet from the South line and 800 feet from the East line of Section 8, 24 North, Range 6 West. It should read 800 feet from the West line of that Section instead of the East line. 1090 from the South is the correct location.

Q What does El Paso seek by this application?

A They seek a non-standard location for a Gallup oil well in the Devils Fork - Gallup Pool, Rio Arriba County, New Mexico.

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PHONE 243-6691



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PHONE 243-6631

Q Do you have a plat showing the exact locations of this well?

A Yes, sir, it's been marked as Exhibit No. 1.

Q Do you also have listed offset operators?

A No, sir, that is merely a copy of C-148, which was filed with the Commission to show the eighty acres for the information of the Examiner. Offset operator in Section 7 to the West is J. Gregory Marion and Associates, on which he has three oil wells, the nearest one being the No. 3 Edna, which is located in the West half of the Southeast quarter of this Section.

The Southwest offset in Section 13, the North half of that section, is the Skelly Oil Company. On it, the New Mexico Federal 1-G gas well.

The South offset, Section 17, is in the Canyon Largo unit, which is operated by El Paso Natural Gas Company.

The Southeast offset is in Section 16 and it is owned by the J. Gregory Marion and Associates, as far as the Gallup formation is concerned.

The North, Northeast and Northwest of the Southeast are all sections in the Canyon Largo unit.

Q For the record, you have previously testified before this Commission as an expert witness, haven't you?

A Yes, sir, I have.

Q Your qualifications have been made a matter of record?

A Yes, sir.



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Q When was this well completed?

A This well was completed and placed on production on July the 18th, 1962, potential which was taken on the well on July 27th, 1962, and the well potentialled for 174 barrels of oil and 2285 MCF of gas per day for a producing ratio of 1638 cubic feet per barrel.

Q To what depth?

A In the Gallup formation to the total depth of 5666 feet and it was plugged back to 5585 feet and the completed and producing intervals are at 5444 to 48, 5460 to 64, and 5574 to 80, all Gallup producing intervals.

The upper two sets were perforated, and the lower interval was fracked with 105,000 gallons of water and 100,000 pounds of sand.

Q And why is this well an unorthodox location?

A That is where the series of errors seems to come in. The application was filed for a gas location and dedicated at this point with a proposal to dedicate the West half of Section 8 to the well. Inadvertently, the drilling department and the civil engineering department in our Farmington office picked up the standard Northwest order and located the well as a standard gas location under the provisions of Order R-1670 which provides that the well is to be located for a gas well within 990 feet of the outer boundary of the proposed proration unit with a tolerance of 200 feet to be committed. In other words,



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790 feet to the boundary. This well is located, as I mentioned before, 800 feet from the West boundary and 1090 feet from the South boundary of the proposed unit, which is in accordance with the standard Northwest spacing rule. Unfortunately, the provisions in the Devils Fork-Gallup Pool are 790 from the outer boundary and 330 feet from any quarter-quarter section. This well comes within 200 feet of the quarter section line, the inter-division boundary.

It was non-standard for a gas location in this field. It was not caught by our people that checked it, our people or USGS or the State that checked that, and subsequently the plat was filed showing the eighty-acre dedication for the oil well at this location. At that time, the Aztec office called our attention to the fact it was a non-standard location.

Q You prepared El Paso's Exhibit No. 1, did you not, Mr. Rainey?

A Yes, sir. The civil engineering department in Farmington prepared it and furnished it to me.

MR. GARRETT: We ask that Exhibit No. 1 be admitted.

EXAMINER UTZ: Without objection, Exhibit No. 1 will be admitted to the record.

(Whereupon Applicant's
Exhibit No. 1 was
admitted in evidence.)

A I might point out one fact here. This well is standard in relationship to the outer boundary and the error is in the



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acreage, the unit which is dedicated to the oil well and is only closer to the center of that unit.

No violation of anybody else's correlative rights will be had in the granting of this application.

Q (by Mr. Garrett) Who actually discovered this error?

A It was the simultaneous discovery of the Aztec office, the Commission, and our gas engineering department in Farmington revealed in checking that it was non-standard from the outset.

Q How long after that did we file an application for an unorthodox location?

A Immediately. I might point out that the well did produce during the latter part of July and August and has produced today approximately 3,000 barrels of oil. It's currently shut-in awaiting on disposition of the casinghead gas of this well.

Q Do you have any further statement, sir?

A No, sir, I believe nothing else.

MR. GARRETT: That is all we have at the present time.

EXAMINER UTZ: Are there questions of the witness?

MR. DURRETT: Yes, sir, I have a few.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Rainey, if the Commission should feel that because of the error in the docket, there was a possibility that sufficient notice may not have been given, could you possibly submit



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to us a consent to it from the offsetting operators?

A El Paso is the only offsetting operator and is the only one that would be affected. If the well had been to the east edge of the section, El Paso is the offset operator to the east.

Q They are to the west also?

A Yes, sir. The Canyon Largo section is east of this.

Q And there is no violation in the spacing to the west, the only violation as far as a non-standard unit is concerned is it's closer to the center of the unit than the rules provide for?

A Yes, sir.

Q You don't anticipate anybody but El Paso to be affected by this?

A I should hope not.

MR. DURRETT: I believe that's all.

EXAMINER UTZ: Are there other questions of the witness?

The witness may be excused.

Are there other statements in this case?

The case will be taken under advisement.

* * *



STATE OF NEW MEXICO)
) ss.
 COUNTY OF BERNALILLO)

I, MICHAEL RICE, NOTARY PUBLIC in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings 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.

Michael Rice
 Notary Public

My Commission Expires:

May 11, 1961

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. *2648* heard by me on *Sept. 27*, 19*62*.

Thos. G. [Signature], Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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