

MAIN OFFICE 000

1955 MAY 23 PM 2:05

BEFORE THE

**Oil Conservation Commission**

SANTA FE, NEW MEXICO

May 18, 1955

IN THE MATTER OF:

CASE NO. 892 through 895

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**

COURT REPORTERS

ROOMS 105, 106, 107 EL CORTEZ BUILDING

TELEPHONE 7-9546

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 18, 1955

-----  
IN THE MATTER OF:

The application of Aztec Oil and Gas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order 565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of S/2 SE/4 of Section 29 and N/2 NE/4 of Section 32, all in Township 29 North, Range 11 West, San Juan County, New Mexico, this being a communitized unit consisting of properties of Aztec Oil and Gas Company, Summit Oil Company, and L. G. Stearns, and to be dedicated to applicant's Viles Well No. 6-B, located 330 feet from the south line and 990 feet from the east line of said Section 29.

Case No. 892

The application of the Aztec Oil and Gas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of S/2 SE/4 of Section 20 and N/2 NE/4 of Section 29, all in Township 29 North, Range 11 West, San Juan County, New Mexico, this being a communitized unit consisting of the properties of Aztec Oil and Gas Company and Summit Oil Company, and to be dedicated to applicant's Faverino Well No. 1, located 330 feet from the south line and 990 feet from the east line of said Section 20.

Case No. 893

The application of Aztec Oil and Gas Company for approval of a non-standard gas proration unit.

Applicant in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of SW/4 SW/4 of Section 17, and SE/4 SE/4 of Section 18, and NE/4 NE/4 of Section 19, and NW/4 NW/4 of Section 20, all in Township 29 North, Range 11 West, San Juan County, New Mexico, said unit to be dedicated to applicant's McDaniels No. 1 Well, located 230 feet from the north line and 280 feet from the east line of said Section 19.

Case No. 894

The application of Aztec Oil and Gas Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an exception to Rule 6(A), as amended, of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, as set forth in Order R-565, to permit the establishment of a 160-acre non-standard gas proration unit consisting of S/2 SW/4 Section 20, and N/2 NW/4 Section 29, all in Township 29 North, Range 11 West, San Juan County, New Mexico, said unit to be dedicated to applicant's Dallabetta Well No. 1, located 330 feet from the south line and 1650 feet from the west line of said Section 20.

Case No. 895

BEFORE:

Mr. William B. Macey  
 Mr. E. S. (Johnny) Walker

TRANSCRIPT OF HEARING

MR. MACEY: The next cases on the docket are Cases 892, 893, 894 and 895. I have a letter from Mr. Quilman Davis, Aztec Oil and Gas Company. I will introduce the letter into the record. The letter requests a continuance of these cases to the regular hearing in June. Is there objection to the continuance of Cases 892, through 895 until the regular June 28th hearing. If not the cases will be continued.



BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
June 28, 1955

IN THE MATTER OF:

CASE NO. 892 thru 895, Incl.

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 28, 1955

-----  
IN THE MATTER OF:

Application of Aztec Oil and Gas Company for approval of a 160-acre non-standard gas pro-  
ration unit in the Fulcher Kutz-Pictured Cliffs  
Gas Pool: S/2 SE/4 of Section 29 and N/2 NE/4  
of Section 32, Township 29 North, Range 11 West,  
to be dedicated to applicant's Viles Well No.  
6-B located 330' from the South line and 990'  
from the East line of said Section 29. Case No. 892

Application of Aztec Oil and Gas Company for approval of a 160-acre non-standard gas pro-  
ration unit in the Fulcher Kutz-Pictured Cliffs  
Gas Pool: S/2 SE/4 of Section 20 and N/2 NE/4  
of Section 29, Township 29 North, Range 11 West,  
to be dedicated to applicant's Faverino Well  
No. 1, located 330' FSL and 990' FEL of said  
Section 20. Case No. 893

Application of Aztec Oil and Gas Company for approval of a 160-acre non-standard gas pro-  
ration unit in the Fulcher Kutz-Pictured Cliffs  
Gas Pool: SW/4 SW/4 Section 17, SE/4 SE/4  
Section 19, and NW/4 NW/4 Section 20, Township  
29 North, Range 11 West, to be dedicated to  
applicant's McDaniels No. 1 Well, located 230'  
FNL and 280' FEL of said Section 19. Case No. 894

Application of Aztec Oil and Gas Company for approval of a 160-acre non-standard gas pro-  
ration unit in the Fulcher Kutz-Pictured Cliffs  
Gas Pool: S/2 SW/4 Section 20 and N/2 NW/4  
Section 29, in Township 29 North, Range 11 West,  
to be dedicated to applicant's Dallabetta Well  
No. 1, located 330' FSL and 1650' FWL of said  
Section 20. Case No. 895

-----  
BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case is Case 892. Mr. Davis?

MR. DAVIS: Mr. Commissioner, in order to expedite the hearing here a little bit, we would like to consolidate Cases 892, 893, 894 and 895. Maybe we can get through a little faster by consolidation.

MR. MACEY: Any objection to the consolidation of Cases 892, 893, 894 and 895? Without objection they will be consolidated.

J O H N J. A B E N D S C H A N ,

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

DIRECT EXAMINATION

By MR. DAVIS:

Q Will you please state your name for the record?

A John J. Abendschan.

Q Mr. Abendschan, have you testified before the Commission before?

A No, I haven't.

Q Where did you go to school?

A Colorado School of Mines.

Q What degree did you graduate with?

A Petroleum Engineer.

Q When did you graduate?

A 1950.

Q Just briefly, what was your employment, or what has your employment record been since graduation?

A I worked for Eastman Oil Survey for a year in connection with drilling; after that I spent two years with Standard of California as a petroleum engineer, and one year with the Oil Conservation Commission in Aztec, as a petroleum engineer.

Q By whom are you employed right now?

A Aztec Oil and Gas.

Q Since what date?

A That was May 17, 1954.

Q In what capacity?

A As petroleum engineer.

MR. DAVIS: Are the qualifications of this witness acceptable?

MR. MACEY: They are.

Q Mr. Abendschan, are you familiar with the subject matter in Aztec Oil and Gas Company's Cases 892 to 895, inclusive?

A I am.

Q What is the nature of these four applications?

A It is a request for approval of nonstandard gas proration units in the Fulcher Kutz-Pictured Cliffs Pool.

Q Mr. Abendschan, this plat that I have handed you, would you go ahead and tell us what is shown on it?

A For Case 892, concerning Aztec Oil and Gas Well Summit Viles 6-B. The proposed unit is the north half of the northeast quarter of Section 32, and the south half of the southeast quarter of Section 29. That is Township 29 North, Range 11 West. The No. 1 Faverino, which is Case 893, takes in the north half of the northeast quarter of Section 29, and the south half of the southeast quarter of Section 20, the same township and range.

The No. 1 McDaniels, Case 894, takes in the southwest quarter of the southwest quarter of Section 17; the southeast quarter of the southeast quarter of Section 18; the northeast quarter of the northeast quarter of Section 19; the northwest quarter of the northwest

quarter of Section 20, Township 29 North, Range 11 West. Aztec No. 1 Dallabetta, Case 395, takes in the north half of the northwest quarter of Section 29 and the south half of the southwest quarter of Section 20, Township 29 North, Range 11 West.

Q Who are the working interest owners of these four units?

A The working interest owners in the Summit Viles 6-B are Aztec Oil and Gas Company, Summit Oil Company and L. G. Sterns. The Faverino No. 1, Aztec Oil and Gas Company, Summit Oil Company; the McDaniels No. 1 is wholly operated by Aztec Oil and Gas Company; and the Dallabetta No. 1 is, Aztec Oil and Gas has the entire working interest.

Q Mr. Abendschan, are any of these wells communitized in these units, to the acreage now being dedicated?

A Yes, Summit-Viles 6-B, Case 892, has a communitization agreement forming a unit, between -- Southern Union at that time was a prior owner of the lease, which is now owned by Aztec Oil and Gas; The Summit Oil Company and L. G. Sterns entered into a communitization agreement forming the unit proposed by this application. This agreement was approved by the Department of the Interior, which would be the United States Geological Survey, December 22, 1948.

Q When was that well completed?

A The Summit-Viles Well was completed March 5, 1949.

Q Go ahead on the others.

A The Faverino No. 1, Case 893, the Southern Union Production Company, prior owner of the lease, which is now held by Aztec and Summit Oil Company, entered into a communitization agreement forming the unit herein proposed. This agreement was approved by the United

States Geological Survey, April 30, 1947.

Q The other two are not --

A (Interrupting) They are not approved.

Q When were the other three wells drilled? You gave us the date of the Viles, how about the Faverino and the Dallabetta and the McDaniels?

A The Faverino was completed May 13, 1947; the McDaniels was completed September 25, 1941; the Dallabetta was completed December 1, 1946.

Q Mr. Abendschan, I believe you have already testified that these wells are within the boundaries of the Fulcher Kutz Gas Pool, is that correct?

A That is correct.

Q Were they completed in accordance with the established spacing pattern at that time and prior to the adoption of proration?

A To the best of my knowledge, yes.

Q Is it practicable or possible to pool and combine leases to form standard or orthodox gas proration units for these wells?

A No, it isn't.

Q Do you have any reason or basis for that reason?

A Yes. Each one of these wells, the location of the well, in order to have a standard unit -- there had been acreage dedicated to other wells that offset these wells, which would make it impossible to make standard units.

Q In each case there has already been an approved proration unit -- the general pattern of drilling area having been so that they were approved by administrative order?

A That is correct.

Q The reason for the wells being held on hearing is due to the fact that they cross section lines, and the rule does not approve of that type of approval under administrative procedure?

A That is correct.

Q In your opinion, Mr. Abendschan, do you think that each of these non-standard units may reasonably presume to be productive of gas from the Pictured Cliffs Formation?

A I do.

Q Is it also your opinion that if the proposed non-standard units are not approved, that the applicants in the respective cases will be deprived of an opportunity to recover their just and equitable share of gas from the reservoir?

A I do.

Q Do you know of any instance where the approval of these proposed units would seriously affect other operators or jeopardize further drilling where it had not been drilled up in this area?

A No, sir.

Q In your opinion, do the proposed units protect the correlative rights and prevent waste in the area?

A Yes, sir.

Q Have we had any objections come to our attention to the formation of these units?

A No, sir.

Q Have we had any waivers?

A We have one. We have a waiver from the Summit Oil Company.

MR. DAVIS: I believe that is all, Mr. Commissioner. I would

like to have Aztec Oil and Gas Company's Exhibit 1, being the plat; and the Exhibit 2, the waiver from Summit Oil Company, made a part of this record. That concludes our case.

MR. MACEY: Without objection the exhibits will be received. Any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Does anyone have anything further in these cases? If nothing further we will take the case under advisement.

STATE OF NEW MEXICO )  
                                  : SS  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings taken before the New Mexico Oil Conservation Commission, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 8th day of July, 1955.

*Ada Dearnley*  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1959