

11/21/55 1000

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BEFORE THE

Oil Conservation Commission

SANTA FE, NEW MEXICO

May 18, 1955

IN THE MATTER OF:

CASE NO. 904

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

May 18, 1955.

IN THE MATTER OF:

Application of the Commission upon its own motion for)
an order establishing six unorthodox proration units)
in the Aztec-Pictured Cliffs Gas Pool, San Juan)
County, N. M., along the north line of Township 28) Case No.
North, Range 9 West, and Township 28 North, Range) 904
10 West, said non-standard units being caused by an)
irregular survey in Township 28 North, Range 10)
West.)

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: Next case is 904.

(Marked Southern Union Gas Company's
Exhibit No. 1, for identification.)

MR. GRIENER: A. S. Griener, appearing for Southern Union
Gas Company. I think it might be helpful in this case to under-
stand what is involved to maybe go back to last month and see what
happened at that time. Originally Southern Union Gas applied in
Case 887 for approval of an unorthodox gas proration unit in the
Aztec-Pictured Cliffs Gas Pool comprising all of the fractional
Section 12 in Township 28 north, Range 10 west, San Juan County,
New Mexico.

In the course of conversation with members of the United States
Geological Survey staff here prior to the hearing, it was indicated
to Southern Union Gas Company, that that 270 acre tract could not
be recommended for approval as a communitized tract, and probably
would not be approved as a communitized tract by the Washington
office. Such approval was necessary because of the fact that a

portion of the east half of the east half of that Section 12, some

27 acres is owned by Aztec Oil and Gas Company. Conferences were held between members of Southern Union representatives here, those of this Commission, and of the United States Geological Survey, and as a consequence of those conferences, Case 904 was set up on the docket on the Commission's own motion in an effort to dispose of the entire problem involved in these fractional sections along the top of Township 28 north insofar as they lie in, or in reasonable proximity to the probable extension of the limits of the Aztec-Pictured Cliffs Pool.

So what is here proposed as indicated on the map which I have asked to be marked as Southern Union Exhibit 1, are six proration units along the northern tier of sections in Township 28 north. These are indicated by red lines on this exhibit. They comprise as follows: the east half of Section 10 in Range 10 west, Township 28 north, and the west half of the west half of Section 11. Then the east three-quarters of Section 11 in the same Township and Range, the west three-quarters of Section 12 in the same Township and Range, the east half of the east half in 28, north 10 west, and the west half of Section 7 in Township 28 north, Range 9 west; then the fifth one would be the east half of that Section 7 and the west half of the west half of Section 8. And the last one would be the east three-quarters of Section 8.

The map also indicates the wells, three wells which have been drilled on these lands to date, and the locations of two more wells, one in the westernmost of the six proposed units, and one in the next to the easterly unit. In this connection we have obtained various letters from offset operators in connection with our

original application, and also in connection with our amendment of that original application wherein we reduced the size of the unit in which we were particularly requesting approval in Case No. 887 from the full 270.11 acres constituting Section 12 to 202.82 acres, which constitutes the west three-quarters of that section.

The other units are of comparable size. I think there is some slight variance there, but none of material significance.

We would like to present for incorporation in the record as Southern Union's units, Exhibits two through six inclusive, letters that we have received from offset operators in this connection. None of them express opposition to that particular unit, although they were not advised of anything that Southern Union Gas Company sent them as to the other five units that are here involved in Case 904. It is our opinion that if the Commission takes favorable action in this case and does designate these three-quarter section units as drilling and proration units, that it will save everybody's time in having to come back here and do the whole thing over five times more.

We therefore request that the Commission do grant approval. As to the ownership of the leases, the three westerly units are all held by Southern Union Gas Company. That is the working interest and the two easterly units are held entirely by Aztec Oil and Gas Company as I understand it, and the one comprising the east half of the east half of Section 12 of 28, north, and 10 west; and the west half of Section 7 in the Township immediately east thereof is owned by Aztec except for a 40-acre tract of Southern Union's comprising the southeast quarter of the southeast quarter of Section 12, a 40-acre tract. Southern Union has expressed to Aztec Oil and

Gas Company its willingness to communitize with them as to that unit.

MR. MACEY: Is that all you have?

MR. GRIENER: That is all we have, yes, sir.

MR. SELINGER: May I ask a question?

By MR. SELINGER:

Q Are there any producing wells on these six units now?

A Yes, sir, there are three producing wells. The Zachry No. 5 well is located in the east half of the east half of Section 11 in 28 north, 10 west. My map would appear to indicate that it is in the south half of that section. I think it is safe to say it is in the southeast quarter. The No. 1 Zachry is in the, well, I can give you that exactly, the 1 Zachry is 990 feet north of the south line and 1650 feet east of the east line of Section 12. Then moving over into the next unit to the east of that, the one partially in the one township and partially in the other, Aztec's No. 3 Reed well is in the west half of the west half, and apparently some 330 feet from the north line of the section.

Q Are there any locations?

A There are two locations, one to the westerly of the six units here under consideration, the Southern Union No. 6 Zachry and Aztec's No. 5 Reed is in the one next to the easternmost.

I believe Mr. ~~Utz~~ may be able to help me on this. I think it is the easterly one which is without the limits of the pool as presently defined. Or is that the westernmost?

MR. UTZ: It is the western one that is outside the pool limit recommendations.

MR. GRIENER: That is the one that we have the No. 6 Zachry

location on?

MR. UTZ: Yes.

MR. MACEY: Anyone else have a question? Mr. McGrath.

MR. McGRATH: P. T. McGrath. I would like to make a statement. I believe that most if not all of this acreage is public land as such is under the supervision insofar as oil and gas operation of the United States Geological Survey. We do not have any objection to these proposed units.

MR. MACEY: Anyone else have a question or a statement they want to make? I have a telegram from Aztec Oil and Gas Company. "Aztec Oil and Gas Company concurs in the application of the Commission Case seeking to establish six unorthodox gas proration units along the north line of Township 28 North, Range 9 West, and Township 28 North, Range 10 West, said non-standard units being caused by an irregular survey in Township 28 North, Range 10 West." Signed William B. Davis, Attorney, Aztec Oil and Gas Company.

MR. MACEY: If nothing further we will take the case under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 904 were taken by me on May 18, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.


Reporter