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BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

CASE 444: Three States Natural Gas Company's application for approval of Chaco Unit Area embracing 45, 998,49 acres of land in San Juan County: Township 23 N, Ranges 8 and 9 W.

TRANSCRIPT OF HEARING

December 16, 1952

BEFORE: Hon. Ed. Mechem, Governor and Chairman
Hon. Guy Shepard, Land Commissioner and Member
Hon. R. R. Spurrier, Director and Member

STATE OF NEW MEXICO

SS

COUNTY OF BERNALILLO

I HEREBY CERTIFY That the within transcript of hearing in the above styled case before the Oil Conservation Commission of the State of New Mexico is a true record of the same to the best of my knowledge, skill and ability.

DONE at Albuquerque, New Mexico, December 20,
1952.



E. E. Greeson
Reporter

MR. SPURRIER: The next case on the docket is No. 444.

(Mr. Graham reads the notice of publication.)

MR. WEBB: My name is William G. Webb, Mr. Chairman, representing the Three States Natural.

The application of Three States Natural concerns the unit development and operation of the Chaco Unit Area comprising all of Townships 23, Ranges 8 and 9, San Juan County, comprising approximately 45,998 acres. At the present time approximately ninety percent of this area has been committed to the unit. Most of it verbal. The plan of development calls for two test wells to be drilled by the unit operator, El Paso Natural Gas, one in Township 23-8 and one in Township 23-9, of sufficient depth to test the Dakota formation expected to be encountered at about 6500 feet. The contended rate of development will be at intervals of six months following initial completion of the producing well and at six month intervals thereafter.

2b

The balance of the unit agreement is in the standard form which has been approved many times by this body and contains -- and other than those particular details, no deviation has been taken from the standard form.

There are approximately 3,204 acres of state land involved. No privately owned land is involved. 3,204 acres comprising 6.98 percent of the total unit area. Approximate-

45,998
3,204
42,794

ly seventy-five percent of this has been committed to the unit.

I would like to ask Mr. Foster Morrell a few questions. I believe he has been qualified before and we won't go into that.

FOSTER MORRELL,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WEBB:

Q State your name, please, sir.

A Foster Morrell.

Q Are you familiar with the Chaco Unit Plan of Development and Operation?

A I am.

Q Is it your opinion this plan of development will promote the development of the resources of the State of New Mexico and prevent waste and serve to conserve these resources?

A It is my opinion it will do so.

Q Are you familiar with the applicant's form of unit plan of development and operation of the Chaco Unit Area?

A I am.

Q Are there any particulars other than those I have

already stated, particular details, which you would wish to point out to the Commission?

A The Unit Area for the Chaco Unit is based on the township method of unitization similar to those heretofore applied for by Phillips Petroleum Company and the El Paso Natural Gas in the San Juan Basin. But by virtue of the absence of satisfactory geological evidence, it is impossible to establish a unit area otherwise.

Q It is then your opinion that this unit agreement will serve to promote conservation and conserve the oil and gas in this area?

A It will.

MR. WEBB: Are there any further questions?

MR. SPURRIER: Are there any questions of the witness?

MR. GRAHAM: Have you cleared this through the Land Office, Mr. Webb?

MR. WEBB: It has been to my knowledge, it has been approved.

THE WITNESS: And it has been approved as to form by the Director of the United States Geological Survey.

MR. SPURRIER: Any further questions? If not, the witness may be excused.

Is there any further comment in this case?

MR. WEBB: We respectfully move the adoption of

this plan.

MR. SPURRIER: We will take a five minute recess.

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