

EXAMINER HEARING  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 26, 1958

IN THE MATTER OF: Case No. 1388

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES  
INCORPORATED  
GENERAL LAW REPORTERS  
ALBUQUERQUE, NEW MEXICO  
3-6691 5-9546



DIRECT EXAMINATION

By MR. SPANN:

Q Mr. Walsh, for the record will you state your name, your occupation and profession, your employment and your residence?

A My name is Ewell N. Walsh. I am division petroleum engineer for the El Paso Natural Gas Products Company, Farmington, New Mexico. I reside at Farmington, New Mexico.

Q Have you previously testified as an expert and qualified as an expert before this Commission?

A I have.

MR. SPANN: I will tender Mr. Walsh as an expert and request that his qualifications be admitted.

MR. UTZ: They are accepted.

Q Mr. Walsh, you filed an application here for an unorthodox gas well location for your Chimney Rock Well No. 1, located in Section 23, Township 31 North, Range 17 West, San Juan County, New Mexico. Are you familiar with that well and that location?

A I am.

Q Are you familiar with the surrounding leasehold interest?

A I am.

Q Do you have a plat showing that location?

A I do.

MR. SPANN: May we have that marked as Exhibit No. 1?

(El Paso's Exhibit No. 1  
marked for identification.)

Q Directing your attention to Exhibit No. 1, Mr. Walsh, does that correctly reflect the location of your Chimney Rock Well No. 1 in Section 23, and also the surrounding leasehold interest?

A It does.

MR. SPANN: I would like to offer in evidence Applicant's Exhibit No. 1.

MR. UTZ: Is there objection to the entrance of Applicant's Exhibit No. 1? If not, it will be entered.

Q Referring to that exhibit, Mr. Walsh, who owns the surrounding acreage or who is the owner of the leasehold interest?

A In the northeast quarter of Section 23 and north half of 24, Magnolia Petroleum Company; northwest quarter of Section 23, south half of 23, south half of 24, all of Section 25, all of Section 26, El Paso Natural Gas Products Company.

Q Did you notify Magnolia of this application and the hearing on it?

A They have been notified by registered mail and return receipt has been received.

Q Did you file your well location and acreage dedication plat with the Commission?

A It has been filed.

Q What acreage is dedicated to that well?

A 160 acres, the southeast quarter of Section 23.

Q In connection with that well, Mr. Walsh, was it drilled as an oil or gas well initially?

A Initially it was drilled for oil.

Q Has it been completed?

A It has been completed.

Q As what kind of a well?

A As a gas well.

Q Can it be produced as an oil well?

A No, it's producing gas only, no liquids at all.

Q Are you familiar with the production from that well?

A Yes, I am.

Q Do you have records and figures on that?

A The date of first production on this well as reported to the New Mexico Oil and Gas Commission was December 12, 1957. During the month of December it produced 1,336,000 cubic feet of gas. January, 2,185,000 cubic feet of gas. February, the first week, which is all the production we have on record, 1,141,000 cubic feet, for a total of 4,662,000 cubic feet.

Q In what formation is that well completed?

A In the Gallup.

Q Is that a recognized oil producing formation in the San Juan Basin?

A It is.

Q Now, assuming this application were denied and this well was not produced, what would be the situation as far as your lease is concerned?

A We would have to drill a well on the proper footage for a

gas well in order to hold the lease.

Q Incidentally, are you familiar with the surrounding production?

A Yes.

Q How far is the nearest production to this well?

A The nearest production is approximately seven miles to the southeast, being the Horseshoe Canyon-Gallup Oil Pool.

Q This is a wildcat?

A Right. Yes, it is.

MR. SPANN: I believe that's all we have.

MR. UTZ: Are there questions of the witness?

CROSS EXAMINATION

By MR. UTZ:

Q Mr. Walsh, this well was drilled 340 feet from the East line of Section 23, is that correct?

A Correct.

Q That would have been a standard oil location?

A It would.

Q What is the closest Gallup gas well to this area?

A Gallup gas?

Q Yes.

A To my knowledge there is one to the northeast.

Q There's one to the northeast?

A And also we have one of our wells to the northwest.

Q Were those wells drilled before or after this well?

A After. I'm not so sure on the first one. I believe it was drilled about the same time. The second well of ours was drilled after this well.

Q Are you familiar with this plat--

A Yes.

Q -- that the Oil Commission puts out?

A Yes.

Q To show standard locations for oil and gas wells?

A I am.

Q How much farther east would you have had to move the well to be a standard oil or gas well?

A East, would have to be 450 feet further. East or west you mean?

Q West, I mean.

A 450 feet further.

Q Would that have been an unreasonable distance to have moved this well so that it would have been a standard location of either oil or gas?

A This location was placed as such due to the interpretation from our company geologist in that they were trying to find the best possible position for the well for production.

Q What was the basis of that?

A On information they have on that area, as far as formations.

Q Size information, contours?

A Contours have been extrapolated from the Horseshoe Canyon-

Gallup area into this area.

Q To have it down within 450 feet, they were pretty sure of themselves?

A Well, they were trying to get as close to it as they could.

Q You are aware of the fact that there is a place in the quarter section where a wildcat well can be drilled, where it will be an orthodox oil or gas location?

A Yes.

MR. UTZ: Any other questions of the witness? If no further questions, the witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case? If not, the case will be taken under advisement.

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C E R T I F I C A T E

STATE OF NEW MEXICO     )  
                                  ) ss  
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 Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this *12<sup>th</sup>* day of March, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Ada Dearnley*  
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NOTARY PUBLIC

My commission expires:  
June 19, 1959.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing held on Case No. 1388, held by me on Feb. 26, 1958.  
*[Signature]*  
New Mexico Oil Conservation Commission