

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation
for annon-standard gas unit.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas unit in an undesignated Pictured Cliffs pool consisting of the N/2 SE/4, NE/4 SW/4, and SE/4 NW/4 of Section 21, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unit is to be dedicated to a well to be drilled in either the NE/4 SE/4 of the NW/4 SE/4 of said Section 21.

BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case No. 1895.

MR. PAYNE: Case 1895. Application of Northwest Production Corporation for a non-standard gas unit.

MR. COLBERG: My name is Malcolm Colberg, I represent Northwest Production Corporation in this hearing.

We have some exhibits and one witness to testify.

(Witness sworn.)

RAYMOND NORDHAUSEN

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

DIRECT EXAMINATION

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BY MR. COLBERG:

Q Will you state your name, please?

A Raymond Nordhausen.

Q By whom and in what capacity are you employed, Mr. Nordhausen?

A Northwest Production Corporation, Albuquerque, New Mexico, manager of the Land Department.

Q Have you testified before the Commission before?

A Yes.

MR. COLBERG: Will the Commission accept Mr. Nordhausen's qualifications?

MR. NUTTER: Yes, sir.

Q (By Mr. Colberg) Do you know the contents of the application filed in this case?

A Yes, sir.

Q Do you know the reason for making the application?

A Yes.

Q Would you state them, please?

A Looking at this plat, the lease covering the SE/4, NW/4 will expire on April 1st, 1960 unless production is established on the tract or acreage pooled therewith, and the lease covering the NE/4, SW/4 will expire on April 1st, 1960 unless production is obtained on that lease or in acreage therewith before April 1st, 1960.

The normal spacing would require us to drill a Pictured

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Cliffs well, to drill one well in the NW/4 and one well in the SW/4 to perpetuate these two leases. The balance of the acreage in the W/2 of Section 21 is unleased and we've been unable to obtain a lease on terms satisfactory to us or to join the owners into a drilling unit and to drill a well. Therefore, we do have the lease covering the N/2 SE of the section and we propose to form a Pictured-Cliffs unit as shown on this plat and drill a Pictured-Cliffs well on what would be the normal well location for a well in the SE/4 of the section.

Q Mr. Nordhausen, did you prepare this plat or was it prepared under your supervision?

A Yes.

MR. COLBERG: The Applicant offers this plat in evidence.

MR. NUTTER: Northwest's Exhibit No. 1 will be entered in evidence.

Q (By Mr. Colberg) Mr. Nordhausen, in your opinion, would the granting of this application prevent waste?

A Yes.

MR. COLBERG: At this time we would like to ask that when this application is granted, or the order is issued, that it be a conditional order if a well is not drilled to discovery by April, 1960, April 1, 1960.

I believe that concludes our testimony.

MR. NUTTER: Does anyone have any questions of Mr.



Nordhausen?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Nordhausen, who has the royalty in the N/2 of the SE/4?

A N/2 of the SE/4. C. C. Evans, and O. C. Evans.

Q Now, have you executed a ~~communitization~~ agreement for this 160 acres that you propose which the Federal Government and the Evans have approved?

A Our lease from the Evans authorizes the pooling of that into tracts up to 640 acres, and I discussed this unit with John Anderson, Supervisor, USGS, and he has advised me that it will be approved.

Q The Federal lease contains no pooling clause?

A No, it doesn't.

Q But he has indicated it will be recognized?

A Yes.

Q What could be dedicated to other Pictured Cliffs wells in this section should they be drilled?

A Well, of course, the NE/4 is not broken up, wouldn't be broken up by the granting of this order, and the NE/4 could be dedicated to a well, and then for a well in the NW/4 of the section, the acreage that could be dedicated to it would be the NE/4, NW/4,



W/2, NW/4, NW/4 SW/4, and the unit for a well to be drilled in the SW/4 of the section could be the S/2 of the S/2. That would be the logical way for the unit to be formed.

MR. NUTTER: Mr. Nordhausen, in that event it would require communitization for the S/2 of the S/2 of the section, would it not?

A That is correct.

MR. NUTTER: I it Northwest Production's intent to communitize in the event that such acreage would be drilled and dedicated to a well?

A We would communitize with the owner of the S/2 or SW/4, either unit, comprising the S/2, S/2, if it were authorized on reasonable terms.

Q (By Mr. Payne) The S/2 of the SE/4 is the O. C. and C. C. Evans lease in which Northwest has a working interest?

A That is correct.

Q And that does contain a pooling clause?

A It does.

Q So if you saw fit to pool this, with the S/2 of the SW/4, you wouldn't have to have the royalty owners permission?

A No, the only thing we would have to have would be an agreement with the mineral owners under the S/2, SW.

MR. NUTTER: And you would be agreeable to entering into a reasonable agreement for the S/2 S/2?

A Yes, we would.



Q (By Mr. Payne) Now, this is a proposed wildcat, is it not?

A Yes, it is. It is outside of a field.

Q What is the closest designated pool in the Pictured-Cliffs?

A Well, I don't know the name of the field, but the closest wells are wells in the SW/4 of Section 20, and a well in the SW/4 of Section 29. It would be in 29, and it has just been completed.

Q Now, have you decided yet which of these two locations you propose to drill?

A Well, we haven't been out on the ground there, and that's pretty rugged country there, and we will choose the best. The levellest one, it doesn't make any difference geologically.

Q Both locations are orthodox for a well in the SE/4?

A Yes.

Q For far is it from the proposed, two proposed locations to the southern boundary of the unit? The proposed unit?

A Let's see, 330 feet.

Q So actually you would have to have a non-standard location also?

A Yes.

Q Since the rules require that they be located --

A Yes, sir, non-standard location. In fact, in a unit like this, it would be impossible to get a standard location.

~~MR. NUTTER: How would you propose, Mr. Nordhausen, that~~



the Commission describe the location of this non-standard location?

A The location in the SE? Let's see, it should be in the NE as I described it in the application, which is: The location shall be in the NE/4 SE/4 of the NW/4 SE/2, Section 21, which would be a location for a wildcat well on the E/4 of said Section 21 under state-wide spacing.

Q (By Mr. Payne) Your proposed location on the right-hand side of your exhibit, how far is that from the East line the section?

A You mean in the NE/4 SE/4?

Q Yes.

A That would be 790 to 990. From 790 to 990 from the East line.

Q Your cross hatched square is a two hundred foot square?

A Yes.

Q Are your proposed drilling locations in the cross hatched area?

A Yes.

MR. PAYNE: That's all.

MR. NUTTER: Any further questions of Mr. Nordhausen? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further in Case

No. 1895?



MR. COLBERG: No, other than that amendment that I mentioned about the well being commenced by April 30.

MR. NUTTER: We will give that request due consideration, Mr. Colberg.

MR. COLBERG: Thank you.

MR. NUTTER: Does anyone have anything further in Case 1895? We will take the case under advisement and continue on to the next case.

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STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO)

I, J. A. Trujillo, 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 by me, 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, the 23rd day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1895 heard by me on 2-10, 1960.

[Signature], Examiner
 New Mexico Oil Conservation Commission

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