

DOCKET: EXAMINER HEARING - WEDNESDAY, MARCH 7, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as alternate examiner:

CASE 2502: Application of Sinclair Oil & Gas Company for permission to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to bottom its Rosa Shultz Well No. 1 in the Gladiola-Devonian Pool in the approximate center of the SW/4 SW/4 of Section 18, Township 12 South, Range 38 East, Lea County, New Mexico. Said well has a surface location 330 feet from the South and West lines of said Section 18.

CASE 2184: In the matter of the application of Tennessee Gas Transmis-  
REOPENED sion Company for the establishment of 80-acre oil proration units in the Totah-Gallup Oil Pool, San Juan County, New Mexico.

Case 2184 will be reopened pursuant to Order No. R-1882 to permit the applicant and other interested parties to appear and show cause why the Totah-Gallup Oil Pool should not be developed on 40-acre proration units.

CASE 2503: THIS CASE WILL BE CONTINUED TO A LATER DATE.  
Application of the Oil Conservation Commission, on its own motion, to consider the establishment of minimum gas allow-ables in the Blanco-Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, South Blanco-Pictured Cliffs, Tapacito-Pictured Cliffs, and West Kutz-Pictured Cliffs Gas Pools, San Juan, Rio Arriba and Sandoval Counties, New Mexico.

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GOVERNOR  
JOHN BURROUGHS  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
MURRAY E. MORGAN  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY DIRECTOR

P. O. BOX 871  
SANTA FE

February 23, 1961

Mr. Howard Bratton  
Hervey, Dow & Hinkle  
Box 10  
Roswell, New Mexico

Re: Case No. 2184  
Order No. R-1882

Applicant:

Tennessee Gas Transmission

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,  
Secretary-Director

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Carbon copy of order also sent to:

Hobbs OCC X  
Artesia OCC         
Aztec OCC X

Other Quilman Davis - Aztec Oil & Gas Co.  
Guy Buell - Pan American  
Texaco Inc.  
Big Chief Drilling Company

**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:**

**CASE No. 2184  
Order No. R-1882**

**APPLICATION OF TENNESSEE GAS  
TRANSMISSION COMPANY FOR THE  
PROMULGATION OF SPECIAL RULES  
AND REGULATIONS GOVERNING THE  
TOTAH-GALLUP OIL POOL, SAN  
JUAN COUNTY, NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on February 15, 1961, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of February, 1961, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

**FINDS:**

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Tennessee Gas Transmission Company, proposes that special rules and regulations be promulgated governing the Totah-Gallup Oil Pool, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, including a provision for 80-acre oil proration units.

(3) That the evidence available at this time indicates that the Gallup reservoir underlying the Totah-Gallup Oil Pool may be efficiently and economically drained and developed on 80-acre proration units and that it may be uneconomical to drill wells in said pool on 40-acre proration units.

(4) That the evidence presently available does not justify permanent 80-acre rules and regulations in the Totah-Gallup Oil Pool, and, accordingly, a temporary one-year order should be entered.

(5) That during the one-year period in which this order will be in effect, the applicant should gather all available

-2-

CASE No. 2184  
Order No. R-1882

information relative to drainage and recoverable reserves in the subject pool.

(6) That this case should be heard again during the month of March, 1962, at which time the applicant should be prepared to prove by a preponderance of the evidence why the subject pool should not be developed on 40-acre proration units.

**IT IS THEREFORE ORDERED:**

That temporary special rules and regulations for the Totah-Gallup Oil Pool, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby promulgated as follows, effective April 1, 1961.

**SPECIAL RULES AND REGULATIONS  
FOR THE TOTAH-GALLUP OIL POOL**

**RULE 1.** Each well completed or recompleted in the Totah-Gallup Oil Pool or in the Gallup formation within one mile of the Totah-Gallup Oil Pool, and not nearer to nor within the limits of another designated Gallup oil pool, shall be spaced, drilled, operated, and prorated in accordance with the Special Rules and Regulations hereinafter set forth.

**RULE 2.** Each well completed or recompleted in the Totah-Gallup Oil Pool shall be located on a unit containing approximately 80 acres, which consists of any two contiguous quarter-quarter sections of a single governmental quarter section. For purposes of these Rules, a unit consisting of between 79 and 81 surface contiguous acres shall be considered a standard unit.

**RULE 3.** Each well projected to or completed in the Totah-Gallup Oil Pool shall be located within 150 feet of the center of either quarter-quarter section in the 80-acre unit; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the 80-acre unit.

**RULE 4.** For good cause shown, the Secretary-Director may grant an exception to Rule 2 without notice and hearing where an application has been filed in due form, and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit is to consist of a single quarter-quarter section or lot.

(2) The non-standard unit consists of not more than 81 acres.

-3-

CASE No. 2184

Order No. R-1882

(3) The entire non-standard unit may reasonably be presumed to be productive of oil from said pool.

(4) The applicant presents written consent in the form of waivers from all offset operators.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the offset operators were notified of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of the non-standard unit.

**RULE 5.** The District Supervisor shall have authority to approve non-standard oil proration units without notice and hearing and without administrative approval by the Secretary-Director if such unit consists of two lots or tracts comprising less than 79 surface contiguous acres and the non-standard unit is necessitated by a variation in the United States Public Lands Survey.

**RULE 6.** The allowable assigned to any non-standard proration unit shall bear the same ratio to a standard allowable in the Totah-Gallup Oil Pool as the acreage in the non-standard unit bears to 80 acres.

**RULE 7.** An 80-acre proration unit (79 through 81 acres) in the Totah-Gallup Oil Pool shall be assigned an 80-acre proportional factor of 2.33 for allowable purposes, and in the event there is more than one well on an 80-acre proration unit, the operator may produce the allowable assigned to the unit from said wells in any proportion.

**IT IS FURTHER ORDERED:**

That operators who propose to dedicate 80 acres to a well in the Totah-Gallup Oil Pool must file an amended Commission Form C-128 with the Artes District Office of the Commission by March 15, 1961, in order that the well may be assigned an 80-acre allowable on the April proration schedule.

**IT IS FURTHER ORDERED:**

That this case shall be heard again during the month of March, 1962, at which time the applicant shall appear and show cause why the Totah-Gallup Oil Pool should not be developed on 40-acre proration units.

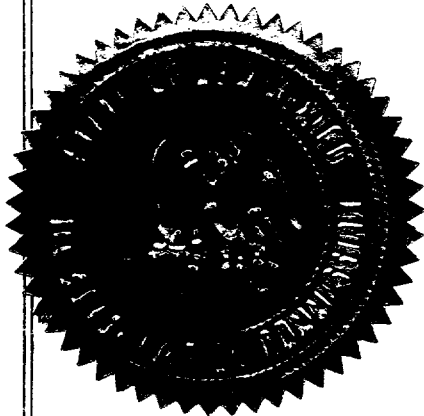
-4-

CASE No. 2184  
Order No. A-1882

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman



*E. S. Walker*  
E. S. WALKER, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

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