

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 3, 1961

IN THE MATTER OF:

Application of Aztec Oil & Gas Company for a 320-
acre non-standard gas proration unit. Applicant, in
the above-styled cause, seeks the establishment of a
320-acre non-standard gas proration unit in the Basin-
Dakota Pool consisting of the SE/4 SE/4 of Section 23
and all of the W/2 of Section 24 except the NW/4 NW/4,
Township 31 North, Range 12 West, San Juan County, New
Mexico. Said unit is to be dedicated to the East Well
No. 5, located 990 feet from the South line and 1650
feet from the West line of said Section 24.

) Case
) 2200

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: Call 2200.

MR. MORRIS: Case 2200, application of Aztec Oil and Gas
Company for a 320-acre non-standard gas proration unit.

MR. VERITY: George L. Verity for the applicant.

MR. MORRIS: Mr. Verity, do you have only the one witness?

MR. VERITY: Yes.

(Witness sworn.)

MR. VERITY: By way of introduction to this matter, I
would like to relate that in 1952 the Commission entered order No.
R-230 and R-230 (a) on the application of Greenbrier Oil Company
for a non-standard unit in the Mesa Verde, which I will show you the

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shape of in just a moment on a plat, and shortly thereafter, by administrative order, the Commission granted to Aztec Oil & Gas Company permission to drill a non-standard unit immediately adjacent and contiguous to the non-standard unit given to Greenbrier Oil Company.

MR. NUTTER: What number is that non-standard administered administratively?

MR. VERITY: It was done on a letter from W. B. Macy, Secretary-Director, who made reference to a Greenbrier Order.

MR. NUTTER: There is no number?

MR. VERITY: It was an administrative, and they acknowledged that when they granted Greenbrier permission to drill its non-standard they had considered the situation of Aztec with a comparative non-standard unit, and they considered it and intended it to include it in scope, so we have that administrative order and I will introduce a copy of it in evidence.

JOE C. SALMON,

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

DIRECT EXAMINATION

BY MR. VERITY:

Q Will you state your name, please?

A Joe C. Salmon.

Q Mr. Salmon, what is your occupation?

A District Superintendent for Aztec Oil & Gas Company,



Farmington, New Mexico.

Q Are you a graduate geologist?

A I am.

Q Are you familiar with the geology with regard to the Dakota formation underlying the W/2 of Section 24, Township 31 North, Range 12 West, and the E/2 of 23, Township 31 North, 12 West?

A I am.

Q In your opinion is all of the W/2 of 24 and the SE/4 of the SE/4 of 23 underlain by effective section of the Dakota formation?

A I would say, in my opinion, yes.

Q Heretofore, has Aztec drilled a well in the W/2 of 24 to the Mesa Verde?

A Yes. The well was known as the East No. 5.

Q Was it completed as a commercial producer?

A Yes.

Q Is it still producing gas from the Mesa Verde formation?

A It is, and the deliverability test of July of this year was 135 MCF per day.

Q What is the acreage that is dedicated to that well?

A The acreage dedicated to the East 5 is the E/2 of Section 24 with the exception of the NW of the NE/4 and the SE of the SW/4, comprising 40 acres that is dedicated to that well.

MR. PAYNE: Except the NW of the NE?

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A Yes. That 40 is out.

MR. PAYNE: It is the NW of the NW?

A That's right; I beg your pardon.

Q (By Mr. Verity) I hand you what the reporter has marked Exhibit No. 1. Will you tell us what it is, please?

A Exhibit No. 1 is a plat showing the W/2 of Section 24 and the E/2 of Section 23 with the East No. 5 well in the SW/4 of 24 and the Greenbrier No. 1 Hedges Well in 23 with the accompanying 40 acres crossing the section line which is dedicated to each well.

Q Do you know whether or not Greenbrier has a well in the E/2 of 25?

A Yes. That well is known as the Greenbrier Hedges No. 1.

Q Do you know the acreage that is dedicated to it?

A The acreage dedicated to the Hedges Well would be the E/2 of Section 23, with the exception of the SE SE/4.

Q And the 40 acres dedicated to that well in the W/2 of 24 would be the NW NW/4?

A That's right.

MR. VERITY: We offer in evidence Exhibit No. 2, which is Order No. R-230 in case No. 425, and Order No. R-230 (a) in the same case, which authorized Greenbrier to the non-standard unit that he has just delineated.

Q Mr. Salmon, I hand you Exhibit No. 4. Will you please tell us what it is?

A Exhibit No. 4 is a letter addressed to Mr. Quilman B.

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Davis, Vice President of Aztec Oil from Mr. W. B. Macy, Secretary-Director of the Commission, with reference to the Greenbrier unorthodox drilling unit which, when the drilling unit was created to Greenbrier by Order 230, obviously left an unorthodox unit to the east acreage. In view of that existing order, Aztec was granted an unorthodox unit for the East No. 5.

Q I would like to read a portion of this letter of authorization, if I may:

"When the above drilling unit was created by Order No. R-230 it obviously left an unorthodox drilling unit as an offset to the east, owned by Aztec Oil & Gas Company. In view of the existing order and the statements made at the hearing I do not believe it necessary for Aztec to have a hearing in order to obtain approval of their unorthodox unit.

"You are hereby authorized to drill a well in the SW/4 of Section 24, Township 31 North, Range 12 West, in conformance with the pool rules, the drilling unit to comprise the following described acreage: Township 31 North, Range 12 West, Section 23, SE/4, SE/4, Section 24; NE/4, NW/4, S/2, NW/4, SW/4. -- Very truly yours, W. B. Macy, Secretary-Director."

MR. VERITY: We offer Exhibit 4 in evidence.

Q The well you mentioned awhile ago, your Aztec East No. 5 was drilled in pursuance to that authorization to that dedicated acreage?

A That's correct.



Q That is the same acreage you are asking here in a non-standard unit for a Dakota well, is it?

A Correct.

Q Do you plan to go into your East No. 5 and deepen it to the Dakota if you are granted authorization today?

A Yes.

Q Are you familiar with the lease ownership surrounding the acreage dedicated to the East No. 5?

A Yes, I am.

Q Who owns this acreage, starting first with the unorthodox unit authorized to Greenbrier Oil Company?

A To the west of the Greenbrier Well, Aztec Oil & Gas owns the W/2 of Section 23. We own Section 13 and 14 to the North, Section 25 and 26 to the South; also own the E/2 of Section 24 in which the unit is located.

Q Then, with the exception of the immediately adjacent non-standard unit of Greenbrier you own all of the acreage surrounding this location?

A Yes.

Q Do you know whether or not Greenbrier has made any objection, or assented to your non-standard?

A I understand Greenbrier has assented to the deepening of the well.

MR. VERITY: Mr. Payne, was there a letter filed with the application from Greenbrier?

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MR. PAYNE: Yes, sir.

MR. VERITY: I wonder if we might introduce that in evidence and have it marked.

We offer in evidence Exhibit No. 5, which is a letter from Greenbrier signifying their consent to this unorthodox application. I believe that is all we have.

MR. NUTTER: Do you wish to offer your exhibits?

MR. VERITY: I would like to offer each one.

MR. NUTTER: Aztec's Exhibits 1 through 5 will be admitted in this case. Does anyone have any questions of Mr. Salmon?

BY MR. PAYNE:

Q On your Exhibit 1 you have a well listed as the East No. 1?

A Yes, I noticed that. That should be corrected to the East No. 5. Evidently that was a typographical mistake.

MR. NUTTER: You wish to amend this exhibit to indicate this is the East No. 5.

Q (By Mr. Payne) Has Aztec considered the possibility of forming a standard unit, W/2 of Section 24 and a standard unit consisting of the E/2 of Section 23?

A I am sure the Land Department has taken that into consideration, but, as the precedent was set on the No. 1 Hedges well and approval given for our unorthodox on the East 5, they went ahead and drilled the wells, and I would think at this time the paper work, changing of division orders and everything, would create

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too much difficulty.

Q If your application is granted in this case the entire E/2 of 23 and the entire E/2 of 24 will be dedicated to Dakota wells?

A The entire E/2 of 23, you say?

Q Yes -- Does Greenbrier have a non-standard unit for the Dakota?

A They do, yes.

Q All this acreage will be dedicated to the Dakota?

A Yes, that's correct.

Q In your opinion will the East No. 5 efficiently drain this 320 acres you propose to dedicate?

A I believe that it will, yes, sir.

MR. NUTTER: Any further questions of the witness? He may be excused. Do you have anything further, Mr. Verity?

MR. VERITY: That is all we have.

MR. NUTTER: Does anyone have anything they wish to offer in 220? Take the case under advisement and call 2201.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JUNE PAIGE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 8th day of March, 1961.

June Paige
Notary Public - Court Reporter

My Commission expires:

May 11, 1964.

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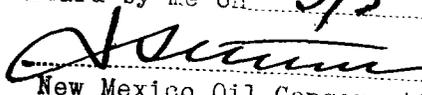
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I N D E X

<u>WITNESS</u>	<u>PAGE</u>
JOE C. SALMON	
Direct Examination by Mr. Verity	2
QUESTIONS by Mr. Payne	7

E X H I B I T S

<u>NUMBER</u>	<u>EXHIBIT</u>	<u>IDENTIFIED</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Ex.#1	Plat	4	7	7
Ex.#2	Order 230	4	7	7
Ex.#3	Order 230 (a)	4	7	7
Ex.#4	Letter	4	7	7
Ex.#5	Letter	7	7	7

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2200
heard by me on 3/3, 1961.

....., Examiner
New Mexico Oil Conservation Commission

