

T R A N S C R I P T

CASE 544: Special Hearing 9 a. m., May 26, 1953

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

R E G I S T E R

New Mexico Oil Conservation Commission - Special Hearing

5/26/53

| <u>NAME</u> | <u>REPRESENTATIVE</u> |
|--------------------|-----------------------------|
| R. L. Hamblin | El Paso Natural Gas Company |
| William G. Webb | El Paso Natural Gas Company |
| Foster Morrell | El Paso Natural Gas Company |
| Cecil A. Darnall | Sinclair Oil & Gas Company |
| Joseph S. Sprinkle | Sinclair Oil & Gas Company |

For the Commission:

Governor Edwin L. Mechem, Chairman

R. R. Spurrier, Secretary

E. S. Walker, Member

George A. Graham, Attorney

MR. GRAHAM: Case 544. In the Matter of the Application of El Paso Natural Gas Company for approval of a proposed unit agreement for the development and operation of the San Juan 30-4 Unit Area embracing 26,104.50 acres of land, more or less, in Rio Arriba County, New Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 30 North, Rge 4 West
All of Sections 1 thru 36 incl.

Twp. 31 North, Rge 4 West
All Sections 32 thru 36, incl.

MR. WEBB: If it please the Commission, we would like to have approved the San Juan Unit 30-4 - Section - township 30 North and 31 North, Rio Arriba County, New Mexico wherein El Paso Natural Gas Company is to be the Unit Operator.

MR. GRAHAM: (Swears the witness)

MR. WEBB: Mr. Morrell, will you outline to the Commission the amount of area of the proposed Unit Agreement, which has been submitted as of this time - San Juan 30-4 Unit in Sections 32 to 36 inclusive, Rio Arriba County, New Mexico?

MR. MORRELL: The San Juan Unit 30-4 embraces 26,104.50 acres of land of which 23,780.25 acres are federal lands. The percentages of these lands are approximately 5% federal lands and 90% patent.

MR. WEBB: Will you state to the Commission that this Unit is on a township basis and covers a small portion of a large geological structure. Are there similar types of units having similar operation plans within the area?

MR. MORRELL: Yes - it is and covers a portion of a structure; there are the same type units in this area.

MR. WEBB: You would recommend to the Commission that the proposal would prevent waste and tend to conserve the natural gas of the State of New Mexico?

MR. MORRELL: Yes, I would.

MR. WEBB: If there are no further questions, we will rest our case.

MR. SPURRIER: Are there any further questions of this witness?

MR. GRAHAM: Will you say something for the record with reference to the geological position and production in that immediate area?

MR. MORRELL: The San Juan 30-4 Unit is a part of a large geological structure of the San Juan Mesaverde field. It is now known to extend approximately one hundred miles by approximately 60 miles to the northwest from the southeast. Within the area three wells have been drilled, none of which have been completed, or put on production at the present time. The San Juan 30-4 Unit is again part of the general program of township units. It is bounded on the north by the Rosa Unit which has been approved by the Commission heretofore; on the west by the 30-5 Unit which has been approved heretofore by the Commission; and on the east by the Jicarilla Indian reservation.

MR. GRAHAM: Who are the operators of the surrounding units?

MR. MORRELL: Phillips Petroleum Company

MR. GRAHAM: Isn't that part of the forest?

MR. MORRELL: Within the Carson National Forest.

MR. WEBB: In this connection, Mr. Morrell, let me ask you this - some portions of the proposed unit area are unsurveyed, are they not?

MR. MORRELL: That is right.

MR. WEBB: The locations would be projected from a governmental survey point?

MR. MORRELL: That is correct.

MR. WEBB: Would you consider this a wildcat area?

MR. MORRELL: Yes.

MR. WEBB: Wouldn't you say also Mr. Morrell, or, isn't it your opinion that this type of unit affords protection to everyone and is a satisfactory method for development in case this proposed area should be productive of oil and gas? Isn't it your opinion that this type of unit would effectively meet all the conservation requirements of the Commission, the Commissioner and the Supervisor?

MR. MORRELL: That is correct.

MR. WEBB: The basis for your opinion to that effect is the requirement under the Unit Agreement that the five wells are to be so located as to tend to prove or disprove the entire unit area?

MR. MORRELL: Yes. - to the Mesaverde.

MR. GRAHAM: What formation? What wells?

MR. MORRELL: (Referring to map) Two of these ^{PC} and three ^{MY} to be drilled.

MR. GRAHAM: What would be the approximate depth?

MR. MORRELL: The depth to the Mesaverde is not to exceed 6000 and the Pictured Cliffs would be in the neighborhood of 3500.

MR. SPURRIER: Any other questions?

MR. GRAHAM: I believe you said that is only a part of the development program?

MR. MORRELL: The specific program refers only to the immediate

unit under consideration - the 30-4 Unit.

MR. SPURRIER: Are there any other questions? If not this completes the case and we will take it under advisement.

If there is nothing further the meeting is adjourned.

C E R T I F I C A T E

I, Virginia M. Chavez, hereby certify that the foregoing record in Case 544 was by me taken and transcribed and that the same is correct to the best of my knowledge, skill and ability.

Virginia M. Chavez