

Case No.

786

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Application, Transcript,  
Small Exhibits, Etc.

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*Case 786*

December 28, 1954

Great Western Drilling Company  
Farmington, New Mexico

Attention: Mr. Page

Gentlemen:

Reference is made to your proposed location in Section 17,  
Township 33 North, Range 11 West, said well to be located  
660' from the west line and 760' from the south line.

The provisions of Order R-562 permit the location of this  
well at the above described location due to topographical  
conditions.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:mr

cc: Oil Conservation Commission  
Box 697  
Aztec, N. M.

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. 786  
Order No. R-562

THE APPLICATION OF GREAT WESTERN  
DRILLING COMPANY FOR APPROVAL OF  
A NON-STANDARD GAS PRORATION UNIT  
OF 327.80 ACRES IN THE BLANCO-MESAVERDE  
GAS POOL, CONSISTING OF THE W/2 OF  
FRACTIONAL SECTION 8, AND W/2 W/2 OF  
SECTION 17, TOWNSHIP 32 NORTH, RANGE 11  
WEST, NMPM, 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 November 17, 1954, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 16<sup>th</sup> day of December, 1954, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Order R-110 of this Commission, containing rules governing the Blanco-Mesaverde Gas Pool, requires that wells in said pool shall be located on a designated drilling unit of not less than 320 acres of land, which shall be in the shape of a rectangle and consist of a governmental half-section.
- (3) That said rules likewise require that a proration unit shall consist of 320 acres or a legal governmental half-section.
- (4) That Rule 1 (b) of the Rules of this Commission provides that exceptions may be granted to the Commission's rules, after notice and hearing, when the granting of such exception will protect correlative rights or prevent undue hardship, and will not result in waste; that section 9 of the conservation (Ch. 168, Laws of 1949) provides that the Commission may promulgate such orders as will prevent waste and protect correlative rights.

(5) That the applicant, Great Western Drilling Company is the present owner and holder of gas rights under an oil and gas lease on fee lands comprising the W/2 of fractional Section 8, and is the present owner, or proposed owner, and holder of gas rights under a Federal oil and gas lease comprising W/2 W/2 Section 17, both said sections being in Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

(6) That said Section 8 is a fractional section and the W/2 of the Section, comprising Lots 3 and 4 and S/2 SW/4, contains 167.80 acres, more or less; that said section 17 is a regular section, and the W/2 W/2 of the section comprises 160 acres; that the unorthodox proration unit sought by the applicant therefore comprises a total of 327.80 acres, more or less.

(7) That the proposed unorthodox gas proration unit is offset to the East by the Cox Canyon Unit, said unit having been heretofore approved by this Commission; that in the absence of joinder or pooling of applicant's leases with lands embraced in the Cox Canyon Unit Area, the applicant is unable to form orthodox drilling or proration units in either of said Section 8 or 17.

(8) That the applicant has requested the operator of the Cox Canyon Unit to join in the formation of orthodox gas proration units in said section 8 and 17, but that the said operator has declined; that it is therefore impossible to pool applicants said leases with adjoining acreage in the area so as to form orthodox units.

(9) That owners of acreage adjoining the proposed drilling and proration units have not objected to the formation of the proposed unit of 327.8 acres.

(10) That the applicant proposes to drill a gas well to be completed in the Mesaverde formation in the W/2 SW/4 Section 17, Township 32 North, Range 11 West, NMPM.

(11) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Blanco-Mesaverde Gas Pool.

(12) That the creation of a proration unit consisting of the aforesaid acreage will not cause, but will tend to prevent waste, and will protect correlative rights.

**IT IS THEREFORE ORDERED:**

(1) That the application of the Great Western Drilling Company for approval of an unorthodox proration unit consisting of the following described acreage

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM  
W/2 Section 8 and W/2 W/2 Section 17

be, and the same is hereby approved and a proration unit consisting of the aforesaid acreage is hereby created.

(2) That an unorthodox drilling unit consisting of the aforesaid acreage be, and the same is, also hereby created.

(3) IT IS FURTHER ORDERED:

That in order to protect the correlative rights of the offset operator, the well proposed to be drilled by applicant on said acreage and completed in the Mesaverde formation, be located as near to the geometric center of the W/2 SW/4 of said Section 17 as topographic conditions will allow.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*

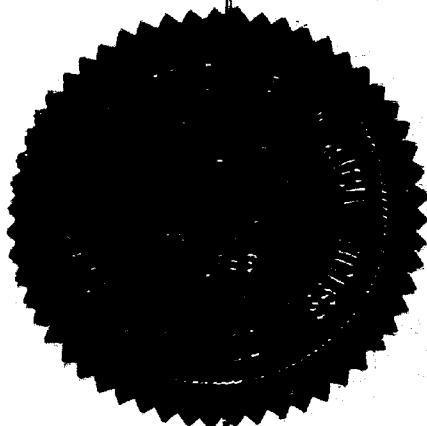
EDWIN L. MECHEM, Chairman

*E. S. Walker*

E. S. WALKER, Member

*W. B. Macey*

W. B. MACEY, Member and Secretary





OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 17, 1954

Mr. H. L. Fannin, Jr.  
Great Western Drilling Company  
Box 1659  
MIDLAND, TEXAS

Dear Sir:

Enclosed is a copy of Order R-562 issued by the Commission on December 16, 1954, in Case 786, which was heard on your company's application at the regular November hearing. A signed copy of this order was handed to Mr. Foster Morrell yesterday.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:nr

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 25, 1954

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Y

H. L. Fannin, Jr.  
Great Western Drlg. Co.  
P. O. Box 1659  
Midland, Texas

Dear Mr. Fannin:

Reference is made to your letter of August 23, pertaining to the unorthodox location for your Decker #3 to be located in Section 17, Township 32 North, Range 11 West and also to the proposed unorthodox unit covering the SW/4 Section 8 and the W/2 W/2 Section 17, Township 32 North, Range 11 West.

In order for this Commission to approve both the unorthodox location and the unorthodox unit it will be necessary for you to apply for a hearing. If this application is received by September 15, the hearing can be held in October.

There is no provision in the Blanco Mesaverde Pool Rules which allows this Commission or any member of it to approve the formation of a unorthodox drilling or proration unit. Unorthodox locations can be approved administratively only when the question of topography is involved.

In making your application please remember to include the exact location of the proposed well, together with a complete description of the acreage to be inclosed in the unit.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:jh





E OCC

1954 AUG 25 AM 8:26

R. C. TUCKER, PRES.

August 23, 1954

PHONE 2-5241  
ADDRESS REPLY TO:  
BOX 1059  
MIDLAND, TEXAS

Re: San Juan County, New Mexico  
Decker #3

New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

Please use this letter as our application for your approval of an un-orthodox location for the drilling of a gas well, with the proposed location in the W/2 of the W/2 of Section 17, Township 32 North, Range 11 West.

As shown on the attached plat, Pubco Development, Inc. owns an oil and gas lease covering the W/2 of the W/2 of Section 17, and Great Western Drilling Company owns an oil and gas lease covering the SW/4 of Section 8, both in Township 32 North, Range 11 West. The enclosed plat also shows the outline of the Cox Canyon Unit which borders the East side of a part of the above described tracts. The plat also indicates that wells have been drilled on the East one-half and the West one-half of Section 18, and that a well has been drilled on the SW/4 of Section 7, Township 32 North, Range 11 West.

The Operators of the Cox Canyon Unit have been contacted by a representative of ours, with regard to amending the Unit in order that part of the acreage could be communitized with the acreage in the proposed un-orthodox location, which they have declined to do.

Therefore, we hereby request your favorable consideration of our proposed un-orthodox unit covering the SW/4 of Section 8, and the W/2 of W/2 Section 17, Township 32 North, Range 11 West, San Juan County, New Mexico.

Yours very truly,

GREAT WESTERN DRILLING COMPANY

*H. L. Fannin, Jr.*  
H. L. Fannin, Jr.  
Land Manager

HLF:eg

cc: Pubco Development, Inc.

*file*

September 23, 1954

Re: San Juan County, New Mexico  
SW/4 Section 8, T-32-N, R-11-W

Colorado Oil and Gas Corporation  
Equitable Building  
Denver, Colorado

Attention: Mr. Charles E. Titus

Gentlemen:

Great Western Drilling Company is the owner of Oil and Gas Lease covering the SW/4 Section 8, Township 32 North, Range 11 West, and Colorado Oil and Gas Corporation is the owner of Oil and Gas Lease covering the SE/4 Section 8, Township 32 North, Range 11 West, or controls said acreage by virtue of being the Operator of the Cox Canyon Unit.

Great Western Drilling Company proposes to drill a well to be located in the SW/4 of Section 8, and we enclose herewith an AFE showing the estimated cost of drilling and equipping such well, in the amount of \$80,610.00.

We would appreciate your advising us if Colorado Oil and Gas Corporation, as Operator of the Cox Canyon Unit, would consider joining us by placing the SE/4 of Section 8 into a drilling unit and paying your portion of the cost of drilling such well.

Yours very truly,

GREAT WESTERN DRILLING COMPANY

*HLL*  
H. L. Fannin, Jr.  
Land Manager

HLF:eg

encl.

GREAT WESTERN DRILLING CO.

CASE NO. 786 - EXHIBIT 2

*file*  
*HLL*

**COLORADO OIL AND GAS CORPORATION**

311 EQUITABLE BUILDING

DENVER 2, COLORADO

September 29, 1954

Great Western Drilling Company  
Box 1659  
Midland, Texas

Attention: Mr. H. L. Fannin, Jr., Land Manager

Re: Proposed Gas Unit, Sec. 8-32N-11W  
San Juan County, New Mexico

Dear Mr. Fannin:

We greatly appreciate your letter of September 23, 1954, relative to our participation in a proposed unit to be formed in the above captioned section.

However, since we are presently negotiating for the possible transfer of our interest in these lands, we are reluctant to commit this acreage at this time.

The negotiations of which we speak should be concluded during the next quarter, and if you have not made other arrangements by that time, we may be happy to advise you then as to whether or not we should be able to enter the unit proposed by your company.

We return herewith your AFE for this proposed well with the thought in mind that you may wish to submit it to others.

Very truly yours,

CHARLES E. TITUS  
Manager, Land Department

  
By  
Douglas R. Jaeger

DRJ/ms

enclosure

GREAT WESTERN DRILLING CO.

CASE NO. 786 - EXHIBIT 2-A

Bill:

This is for the  
record as I

Previously sent  
you the three  
copies Thanks

Dexter

P. O. BOX 933

*WBM* *Case 756*  
**FOSTER MORRELL**  
PETROLEUM CONSULTANT  
NICKSON HOTEL BUILDING  
ROSWELL, NEW MEXICO

PHONES: 3031 OR 800

MAIN OFFICE OCC

RECEIVED 4 PM 1:21

October 27, 1954

Mr. W. B. Macey, Director  
Oil Conservation Commission of New Mexico  
State Capitol Building  
Santa Fe, New Mexico

Dear Mr. Macey:

I am forwarding, under separate cover, an application, in triplicate, on behalf of Great Western Drilling Company for the approval of an unorthodox gas proration unit consisting of the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., N.M.P.M., San Juan County, New Mexico.

Will you kindly include this application on your notice for the hearing to be held in Santa Fe on November 17, 1954.

Very truly yours,

*Foster Morrell*  
Foster Morrell

FM/fbp

cc: Great Western Drilling Company  
Box 1659  
Midland, Texas

FOSTER MORRELL  
PETROLEUM CONSULTANT  
NICKSON HOTEL BUILDING  
ROSWELL, NEW MEXICO

November 2, 1954

Mr. Chas. E. Titus, Manager  
Land Department  
Colorado Oil and Gas Corporation  
311 Equitable Building  
Denver 2, Colorado

Re: Proposed Unorthodox Gas  
Proration Unit  
T. 32 N., R. 11 W.,  
San Juan County, New Mexico

Dear Mr. Titus:

On behalf of Great Western Drilling Company I have filed with the Oil Conservation Commission of the State of New Mexico an application dated October 27, 1954, for approval of an unorthodox gas proration unit consisting of the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., N.M.P.M., San Juan County, New Mexico, copy enclosed.

I have in my files a copy of letter dated September 23, 1954 from Great Western Drilling Company to you, and your reply of September 29, 1954, advising that you were not in a position to join your interest in a proposed gas unit covering the W/2 of fractional section 8. Great Western desires to proceed immediately with development of its properties, hence the enclosed application for an unorthodox unit.

This matter has been reviewed with the Regional Oil and Gas Supervisor of the U. S. Geological Survey who offered no objection to the application as filed with the Oil Conservation Commission. The Supervisor is of the opinion that wells can be located within the Cox Canyon Unit, of which you are the operator, so that the unit may obtain full acreage credit for each gas well drilled so far as they effect lands in sections 8 and 17, T. 32 N., R. 11 W.

It is our understanding that the application of Great Western Drilling Company will be considered at the hearing of the Commission in Santa Fe on November 17, 1954. Will you kindly advise me of your position in this matter as I would like to be able to present to the Commission your written concurrence in the application of Great Western Drilling Company.

Very truly yours,

COPY (Original Signed) Foster Morrell  
Foster Morrell

FM/fbp

cc: Mr. Sam Snoddy  
Great Western Drilling Company  
Midland, Texas

GREAT WESTERN DRILLING CO.

CASE NO. 786 - EXHIBIT 3

FOSTER MORRELL  
PETROLEUM CONSULTANT  
NICKSON HOTEL BUILDING  
ROSWELL, NEW MEXICO

November 2, 1954

Sinclair Oil and Gas Company  
Box 4005  
Albuquerque, New Mexico

Attention: Mr. Larry Oles

Dear Mr. Oles:

Attached, for your information and files, is a copy of my application dated October 27, 1954, on behalf of Great Western Drilling Company to the Oil Conservation Commission of New Mexico, for the approval of an unorthodox gas proration unit consisting of the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., N.M.P.M., San Juan County, New Mexico.

This application is being forwarded to you pursuant to rules and regulations of the Oil Conservation Commission as the operator of offset acreage in the NW/4 section 20, T. 32 N., R. 11 W., being the south offset to the unorthodox gas proration unit.

This application has been reviewed with the Regional Oil and Gas Supervisor of the U. S. Geological Survey who offers no objection to the application as filed with the Oil Conservation Commission. The Supervisor is of the opinion that wells can be located within the Cox Canyon Unit so that the unit may obtain full acreage credit for each gas well drilled so far as they effect lands in sections 8 and 17, T. 32 N., R. 11 W.

It is our understanding that the application of Great Western Drilling Company will be considered at the hearing of the Commission in Santa Fe on November 17, 1954. Will you kindly advise me of your position in this matter as I would like to be able to present to the Commission your written concurrence in the application of Great Western Drilling Company.

Very truly yours,

COPY (Original Signed) Foster Morrell

Foster Morrell

FM/fbp  
Attachment

cc: Mr. Sam Snoddy  
Great Western Drilling Company  
Midland, Texas

GREAT WESTERN DRILLING CO.

CASE NO. 786 - EXHIBIT 4

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
November 17, 1951

IN THE MATTER OF:

CASE NO. 786 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 17, 1954

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IN THE MATTER OF:

The application of Great Western Drilling Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a non-standard gas proration unit in the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, as an exception to provisions of Order R-110, said unit to consist of W/2 of fractional Section 8 (approximately 167.80 acres, being Lots 3 and 4 and the S/2 SW/4 of said Section), and the W/2 W/2 of Section 17 (approximately 327.80 acres), all in Township 32 North, Range 11 West.

Case No. 786

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BEFORE:

Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 786.

F O S T E R M O R R E L L,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

MR. MORRELL: My name is Foster Morrell, Petroleum Consultant, Roswell, New Mexico, appearing on behalf of Great Western Drilling Company in Case 786, for the consideration of the application of Great Western Drilling Company for approval of an unorthodox gas proration unit in the Blanco-Mesaverde Pool,

embracing the west half of fractional Section 8 and the west half, west half of Section 17, Township 32 North, Range 11 West, San Juan County, New Mexico, consisting of 327.80 acres, more or less.

(Marked Great Western's Exhibit No. 1, for identification.)

I have here a map marked Exhibit 1 in Case 786, on which is shown in red, the proposed unorthodox gas proration unit; in yellow the boundary of the adjoining Cox Canyon Unit to the east and the location to the west of gas wells completed to the Mesaverde formation.

Section 8, Township 32 North, Range 11 West is a fractional section, the proposed unorthodox gas proration unit includes Lot 3, or 43.95 acres, and Lot 4, 43.85 acres, and the south half of the southwest quarter, or 80 acres, or a total of 167.80 acres of said Section 8. This acreage, together with the 160 acres described as the west half of the west half of Section 17, comprises 327.80 acres embraced in the unorthodox gas proration unit.

There are three gas wells offsetting the proposed unorthodox gas proration unit to the west. The Great Western Drilling Company No. 1 Decker, located 1850 feet from the south and west lines of Section 7, Township 32 North, Range 11 West. This well was completed for production on March 18, 1954 at a total depth of 5500 feet. Gas is produced from the Mexaverde formation at depths from 4915 to 5591 feet. The initital potential after sand-oil-frac was 2,863,000 cubic feet of gas per day with a shutin pressure of 1015 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. Acreage attributed to the Decker Well No. 1 includes all of fractional Section 7, or a total of 332.27 acres,

and is covered by a communitization agreement 14-08-001-1201 approved by the U. S. Geological Survey.

The Pubco Development, Inc. Well No. 1 Johns, located 1650 feet from the north and east lines of Section 18, Township 32 North, Range 11 West. This well was completed for production September 25, 1953, at a total depth of 5885 feet. Gas is being produced from the Mesaverde formation from depths of 5082 to 5885 feet. The initial potential after shooting was 3,590,000 cubic feet of gas per day with a shutin pressure of 985 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns Well No. 1 is the north half of Section 18.

The Pubco Development, Inc. Well No. 2 Johns, located 1,650 feet from the south and west lines of Section 18, Township 32 North, Range 11 West. This well was completed for production October 31, 1953, at a total depth of 5724 feet. Gas is being produced from the Mesaverde formation from depths of 5038 to 5724 feet. The initial potential after shooting was 4,450,000 cubic feet of gas per day with a shutin pressure of 1032 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns Well No. 2 includes the south half Section 18, or 316.10 acres, which is covered by a communitization agreement 14-08-001-1161 approved by the U. S. Geological Survey.

As stated heretofore, the Cox Canyon Unit includes all land immediately to the east of the proposed unorthodox gas proration unit. Colorado Oil and Gas Corporation, Denver, Colorado, is the present unit operator of the Cox Canyon unit. By letter of September 23, 1954 to Colorado Oil and Gas Corporation, Great Western Drilling Company requested said Colorado Oil and Gas Corporation to consider

forming an orthodox gas proration unit covering all of fractional Section 8. Such unit would have included the west half of Section 8 held by Great Western and the east half of Section 8 located within the Cox Canyon Unit. By letter of September 29, 1954, Colorado Oil and Gas Corporation advised that they were presently negotiating for the possible transfer of their interest in these lands and were reluctant to commit the east half of said section at that time. I wish to enter as Exhibit 2, the letter of September 23rd, and as Exhibit 2-A the letter of September 29th.

Great Western Drilling Company is aware that pursuant to the terms and provisions of Order R-110, entered by the Oil Conservation Commission of New Mexico, 320 acres has been established for drilling gas wells to the Mesaverde formation in San Juan County, New Mexico, that said 320 acre spacing units shall comprise governmental half sections; and that in the absence of joinder of lands embraced in the Cox Canyon Unit area, Great Western Drilling Company is unable to form orthodox proration units.

Great Western Drilling Company is the present owner and holder of gas rights under an oil and gas lease for fee lands comprising the west half of fractional Section 8, and is the present owner or proposed owner and holder of gas rights under Federal Oil and Gas Lease S. F. 078118 insofar as said lease covers the west half of the west half of Section 17.

In order to protect its interest and equity in the properties involved, Great Western Drilling Company proposes to form the un-orthodox gas proration unit consisting of said west half of said fractional Section 8, and the west half, west half of said Section 17, Township 32 North, Range 11 West, and to drill a gas well on

said unorthodox gas proration unit to be completed in the Mesaverde formation at a location approximately 990 feet from the south and west lines of Section 17, unless topographical conditions would prevent, in which case the location would be made approximately 1,650 feet from the south line and 990 feet from the west line of Section 17.

Great Western Drilling Company has mailed to each of the offset operators a notice of the application to this Commission. In support of this statement, I wish to present as Exhibits 3 and 4, copies of my letters dated November 2, 1954, on behalf of Great Western Drilling Company, to Colorado Oil and Gas Corporation, the east offset operator, and to Sinclair Oil and Gas Company, the south offset operator. Pubco Development, Inc., the offset operator to the west, is fully informed of the application of Great Western and offers no objection to said application. Pubco will either be a partner in the drilling of the well with Great Western Drilling Company or will farm out to Great Western the west half, west half of Section 17.

Your applicant represents that it is prepared to proceed with the drilling of a gas well to the Mesaverde formation, as heretofore described in this testimony, and that said applicant will be deprived of its opportunity to recover its just and equitable share of gas in the gas pool underlying its lands, and waste will occur, unless an unorthodox gas proration unit be approved.

This application has been reviewed with the Regional Oil and Gas Supervisor of the U. S. Geological Survey, who offers no objection to the application as filed with the Oil Conservation Commission. The Supervisor is of the opinion that wells can be located within the Cox Canyon Unit so that the unit may obtain full acreage credit

for each gas well drilled so far as they effect lands in Sections 8 and 17, Township 32 North, Range 11 West.

Great Western Drilling Company respectfully requests that an appropriate order be entered allowing the establishment of the west half of fractional Section 8 and the west half, west half of Section 17, Township 32 North, Range 11 West, N. M. P. M., New Mexico, as an unorthodox gas proration unit in the Blanco-Mesaverde Pool, and approval of the unorthodox well location.

I wish to enter in the record of Case 786, Exhibits 1 through 4, inclusive.

MR. MACEY: Is there objection to the introduction of Exhibits 2, 2-A, 3 and 4, by Great Western? If not they will be received.

Mr. Morrell, how much acreage is in the west half of the fractional Section 8?

MR. MORRELL: In the west half there is 167.80 acres.

MR. MACEY: .80?

MR. MORRELL: That is right.

MR. MACEY: Is the west half of 17 160 acres?

MR. MORRELL: That is correct.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

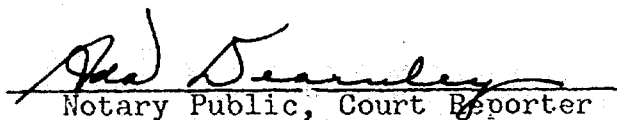
(Witness excused.)

MR. MACEY: Does anyone have anything further in this case? If not we will take the case under advisement.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) SS.

I, ADA DEARNLEY, 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 notariâl seal this 26th day of November, 1954.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955





Case 786

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

MAIN OFFICE OCC

1954 OCT 23 AM 10:17

IN THE MATTER OF APPLICATION OF GREAT WESTERN  
DRILLING COMPANY FOR THE APPROVAL OF AN  
UNORTHODOX GAS PRORATION UNIT CONSISTING OF  
THE W/2 OF FRACTIONAL SECTION 8 AND THE W/2 W/2  
SECTION 17, TOWNSHIP 32 NORTH, RANGE 11 WEST,  
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

Your applicant, Great Western Drilling Company, represents that it is a corporation with offices in Midland, Texas, with a permit to do business in the State of New Mexico; that it is the present owner and holder of gas rights under an oil and gas lease for fee lands comprising the W/2 of fractional section 8, and that it is the present owner, ~~and holder~~ <sup>or proposed owner</sup> of gas rights under Federal Oil and Gas Lease S.F. 078118, dated September 1, 1948, and extended by production, insofar as said lease covers the W/2 W/2 section 17, T. 32 N., R. 11 W., San Juan County, New Mexico, consisting of 327.80 acres, more or less.

Your applicant represents that section 8 in T. 32 N., R. 11 W. is a fractional section containing approximately 336.00 acres, and that the W/2 of said section 8 comprises Lots 3 and 4 and the S/2 SW/4 contains 167.80 acres, more or less.

Your applicant would show that the proposed unorthodox gas proration unit is offset to the west by gas wells completed to the Mesaverde formation in the NE/4 and SW/4 section 18 by Pubco Development, Inc., and a well completed to the Mesaverde formation in the SW/4 section 17 by Great Western Drilling Company.

Your applicant would show that the proposed unorthodox gas proration unit is offset to the east by the Cox Canyon Unit approved by the Oil Conservation Commission of New Mexico and the U. S. Geological Survey, and designated Contract I-Sec. No. 946.

Your applicant would show that it has requested the operator of the Cox Canyon Unit, namely Colorado Oil and Gas Corporation, for its joinder to form orthodox gas proration units but that said corporation has declined.

Your applicant represents that it has mailed to each of the offset operators a notice of this application.

Your applicant represents that pursuant to the terms and provisions of Order R-110, entered by the Commission, 320 acres has been established for drilling gas wells to the Mesaverde formation, San Juan County, New Mexico; that said 320 acre spacing units shall comprise governmental half sections, and that in the absence of joinder of lands embraced in the Cox Canyon Unit area your applicant is unable to form orthodox spacing units.

Your applicant desires to drill a gas well to be completed in the Mesaverde formation at a location approximately 990' from the south and west lines of section 17; and represents that, unless an unorthodox gas proration unit be approved, your applicant will be deprived of its opportunity to recover its just and equitable share of gas in the gas pool underlying the above described tract of land.

Your applicant respectfully requests that a hearing be held and an appropriate order be entered allowing the establishment of the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., N.M.P.M., as an unorthodox gas proration unit in the Blanco-Mesaverde Pool.

Respectfully submitted,

GREAT WESTERN DRILLING COMPANY

By Foster Morrell  
Its Agent

FosterMorrell/fbp

October 27, 1954

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION, SANTA FE,  
NEW MEXICO:  
HEARING OF NOVEMBER 17, 1954

CASE NO. 786

APPLICATION OF GREAT WESTERN DRILLING COMPANY  
FOR THE APPROVAL OF AN UNORTHODOX GAS PRORATION  
UNIT CONSISTING OF THE W/2 OF FRACTIONAL SECTION 8  
AND THE W/2 W/2 SECTION 17, T. 32 N., R. 11 W.,  
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.

My name is Foster Morrell, Petroleum Consultant, Roswell, New Mexico, appearing on behalf of Great Western Drilling Company in Case No. 786 for the consideration of the application of Great Western Drilling Company for approval of an unorthodox gas proration unit in the Blanco-Mesaverde Pool, embracing the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., San Juan County, New Mexico, consisting of 327.80 acres, more or less. I have here a map, marked Exhibit 1 in Case No. 786, on which is shown, in red, the proposed unorthodox gas proration unit; in yellow, the boundary of the adjoining Cox Canyon Unit to the east, and the location to the west of gas wells completed to the Mesaverde formation.

Section 8, T. 32 N., R. 11 W., is a fractional section, the proposed unorthodox gas proration unit includes Lot 3, or 43.95 acres, and Lot 4, 43.85 acres, and the S/2 SW/4, or 80.00 acres, or a total of 167.80 acres of said section 8. This acreage, together with the 160.00 acres described as the W/2 W/2 section 17, comprises the 327.80 acres embraced in the unorthodox gas proration unit.

There are three gas wells offsetting the proposed unorthodox gas proration unit to the west. The Great Western Drilling Company No. 1 Decker, located 1850' from the south and west lines of section 7, T. 32 N., R. 11 W. This well was completed for production on March 18, 1954 at a total depth of 5500'. Gas is produced from the Mesaverde formation at depths from 4915 to 5501'. The initial potential after sand-oil-frac was 2,863,000 cubic feet of gas per day with a shutin pressure of 1015#. Gas is currently being sold from this well to El Paso Natural Gas Company. Acreage

attributed to the Decker well #1 includes all of fractional section 7, or a total of 332.27 acres, and is covered by a communitization agreement 14-03-001-1201 approved by the U. S. Geological Survey.

The Pubco Development, Inc. well No. 1 Johns, located 1650' from the north and east lines of section 18, T. 32 N., R. 11 W. This well was completed for production September 25, 1953, at a total depth of 5385'. Gas is being produced from the Mesaverde formation from depths of 5382 to 5385'. The initial potential after shooting was 3,590,000 cubic feet of gas per day with a shutin pressure of 935#. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns well #1 is the N/2 of section 18.

The Pubco Development, Inc. well No. 2 Johns, located 1650' from the south and west lines of section 18, T. 32 N., R. 11 W. This well was completed for production October 31, 1953, at a total depth of 5724'. Gas is being produced from the Mesaverde formation from depths of 5033 to 5724'. The initial potential after shooting was 4,450,060 cubic feet of gas per day with a shutin pressure of 1032#. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns well #2 includes the S/2 section 18, or 316.10 acres, which is covered by a communitization agreement 14-03-001-1161 approved by the U. S. Geological Survey.

As stated heretofore, the Cox Canyon Unit includes all land immediately to the east of the proposed unorthodox gas proration unit. Colorado Oil and Gas Corporation, Denver, Colorado, is the present unit operator of the Cox Canyon Unit. By letter of September 23, 1954 to Colorado Oil and Gas Corporation, Great Western Drilling Company requested said Colorado Oil and Gas Corporation to consider forming an orthodox gas proration unit covering all of fractional section 8. Such unit would have included the W/2 of section 8 held by Great Western and the E/2 of section 8 located within the Cox Canyon Unit. By letter of September 29, 1954, Colorado Oil and Gas Corporation advised that they were presently negotiating <sup>for</sup> the possible transfer of their interest in these lands and were reluctant to admit the E/2 of

I wish to enter as Exhibit 2 the letter of September 23, and as Exhibit 3 the letter of September 27, said section 8 at that time. Great Western Drilling Company is aware that pursuant to the terms and provisions of Order R-110, entered by the Oil Conservation Commission of New Mexico, 320.00 acres has been established for drilling gas wells to the Mesaverde formation in San Juan County, New Mexico; that said 320.00 acre spacing units shall comprise governmental half sections; and that in the absence of joinder of lands embraced in the Cox Canyon Unit area, Great Western Drilling Company is unable to form orthodox proration units.

Great Western Drilling Company is the present owner and holder of gas rights under an oil and gas lease for fee lands comprising the  $\frac{1}{2}$  of fractional section 8, and is the present owner or proposed owner and holder of gas rights under Federal Oil and Gas Lease S.F. 073118 insofar as said lease covers the  $\frac{1}{2}$   $\frac{1}{2}$  section 17.

In order to protect its interest and equity in the properties involved, Great Western Drilling Company proposes to form the unorthodox gas proration unit consisting of said  $\frac{1}{2}$  of said fractional section 8 and the  $\frac{1}{2}$   $\frac{1}{2}$  of said section 17, T. 32 N., R. 11 W., and to drill a gas well on said unorthodox gas proration unit to be completed in the Mesaverde formation at a location approximately 900' from the south and west lines of section 17, unless topographical conditions would prevent. In which case the location would be made approximately 1650' from the south line and 900' from the west line of section 17.

Great Western Drilling Company has mailed to each of the offset operators a notice of the application to this Commission. In support of this statement, I wish to present as Exhibits 2, 3, and 4, copies of my letters dated November 2, 1954, on behalf of Great Western Drilling Company, to Colorado Oil and Gas Corporation, the east offset operator, and to Sinclair Oil and Gas Company, the south offset operator. Pubco Development, Inc., the offset operator to the west, is fully informed of the application of Great Western and offers no objection to said application. Pubco will either be a partner in the drilling of the well with Great Western Drilling Company or will farm out to Great Western the  $\frac{1}{2}$   $\frac{1}{2}$  of section 17.

~~I wish to enter as Exhibit 7 a letter dated November 17, 1954, from Colorado~~

Oil and Gas Corporation to me acknowledging receipt of my letter of November 2 advising of the application now pending before the Oil Conservation Commission for the creation of an unorthodox gas proration unit, which is the subject of this Case No. 736. Colorado Oil and Gas Corporation advises that they have related the information furnished to the other working interest holders of the Cox Canyon Unit and that they are jointly considering what action, if any, should be taken in opposition to or in support of the application of Great Western Drilling Company.

Your applicant represents that it is prepared to proceed with the drilling of a gas well to the Mesaverde formation, as heretofore described in this testimony, and that said applicant will be deprived of its opportunity to recover its just and equitable share of gas in the gas pool underlying its lands, and waste will occur, unless an unorthodox gas proration unit be approved.

This application has been reviewed with the Regional Oil and Gas Supervisor of the U. S. Geological Survey, who offers no objection to the application as filed with the Oil Conservation Commission. The Supervisor is of the opinion that wells can be located within the Cox Canyon Unit so that the unit may obtain full acreage credit for each gas well drilled so far as they effect lands in sections 8 and 17, T. 32 N., R. 11 W.

Great Western Drilling Company respectfully requests that an appropriate order be entered allowing the establishment of the W/2 of fractional section 8 and the W/2 W/2 section 17, T. 32 N., R. 11 W., N.M.P.M., New Mexico, as an unorthodox gas proration unit in the Blanco-Mesaverde Pool.

I wish to enter in the record of Case No. 736 Exhibits 1 through 5, inclusive.