

Case No.

1037

Application, Transcript,  
Small Exhibits, Etc.

CASE 1037: Stanolind Oil & Gas Co.  
Application for approval of 331 acre  
in Blanco Mesaverte Gas Pool, San Juan  
County

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 9, 1956

IN THE MATTER OF:

CASE NO. 1037

TRANSCRIPT OF PROCEEDINGS



BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 9, 1956

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Application of Stanolind Oil and Gas Company  
for an order granting a 331 acre non-standard  
gas proration unit in the Blanco-Mesaverde Gas  
Pool, San Juan County, New Mexico, in exception  
to New Mexico Oil Conservation Commission  
Order No. R-110 as amended by Order R-128-D,  
and in addition for the approval of an unorthodox  
location thereon.  
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Applicant, in the above-styled cause, seeks an  
order granting approval of a 331 acre non-standard  
gas proration unit to consist of the S/2 S/2 of Sec-  
tion 7, N/2 N/2 and N/2 S/2 N/2 of Section 18,  
Township 29 North, Range 9 West, in the Blanco-  
Mesaverde Gas Pool, San Juan County, New Mexico  
and in addition applicant requests an order granting  
an unorthodox location for a proposed well to be  
drilled 990 feet from the North and East lines of  
Section 18, Township 29 North, Range 9 West, San  
Juan County, New Mexico.  
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Case No. 1037

BEFORE:

Mr. E. C. Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: Hearing come to order please. The only case on the docket  
this morning is case 1037. Mr. Seth.

MR. SETH: If the Commission please, this is the application of Stanolind  
Oil and Gas Company for a non-standard unit and an unorthodox location in the  
Blanco-Mesaverde Pool. We have one witness.

GEORGE EATON

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

By Mr. Seth:

Q. State your name please.

A. George Eaton.

Q. What is your position and by whom are you employed, Mr. Eaton?

A. I am a Petroleum Engineer, Senior Grade, for Stanolind Oil and Gas Company in Roswell, New Mexico.

Q. Have you previously testified before the Commission?

A. Yes, I have.

Q. Would you state to the Commission please the purpose of Stanolind's application in case 1037?

A. This application by Stanolind is for an unorthodox gas proration unit in the Blanco-Mesaverde Pool and an unorthodox location on that gas unit. This unorthodox gas unit is to consist of the S/2 S/2 of Section 7 and N/2 N/2 and N/2 S/2 N/2 of Section 18, Township 29 North, Range 9 West.

Q. Have you prepared or has there been prepared a plat or map showing the proposed location?

A. I have.

Q. Would you please state to the Commission what this map, which has been marked Stanolind's Exhibit 1, represents?

A. This plat is of a portion of the Blanco-Mesaverde Pool showing portions of Township 29 North, Range 9 West and a portion of Township 29 North, Range 10 West.

Q. What is the area that is outlined in red on this Exhibit 1?

A. The area outlined in red on Exhibit 1 is Stanolind's proposed--Stanolind's Gas Unit "B" No. 1. That is the proposed unit which is listed in the application.

This plat also shows that all of the Townships along the western boundary of Township 29 North, Range 9 West are irregular in size. They are not full 640-acre sections. It is for this reason that Stanolind has found it necessary to make application for a non-standard gas proration unit. On a previous occasion a hearing was heard before this Commission on November 17, 1954, for the formation of three other non-standard proration units, located in Sections 6 and 7 of Township 29 North, Range 9 West. These gas units are Stanolind's Houck Gas Unit, Stanolind's Jaquez Gas Unit "C" and Stanolind's Nye Gas Unit.

Q. Were those brought about by the same conditions there of a short section?

A. Yes, they were.

Q. Approximately how many acres are included in the proposed unorthodox unit?

A. There are approximately 331 acres in the proposed non-standard unit. The exact acreage will be determined by actual survey.

Q. The leases that are held by the applicant in this case, are there some early expiration dates?

A. Yes, there are. In our application we state that the earliest application date is March 13, 1956. Further study of the lease agreements in this area however indicate that that lease which has the earliest expiration date actually may be held by production by a portion of that basic lease being included in Stanolind's Heath Gas Unit "B" located in the N/2 of Section 9, Township 29 North, Range 9 West. I might add that the titles on all of the leases in the proposed unit are not good and that the title on the particular lease on which the drill site is located, which happens to be that lease with the earliest indicated expiration date, is the best title that we have in the proposed unit.

Q. Would you also indicate to the Commission the offsetting properties.

A. To the east of the proposed non-standard unit in Section 17, Township 29 North, Range 9 West, Stanolind has two Blanco-Mesaverde Pool wells. They are the Heath "A" No. 2 and the Heath "A" No. 3-X. To the north of the proposed non-standard unit lies Stanolind's Nye Gas Unit which is a ---which is developed in the Blanco-Mesaverde Pool. To the west of the proposed non-standard unit in Section 12, Township 29 North, Range 10 West, El Paso has two Blanco-Mesaverde Pool wells. They are El Paso's Lackey No. 1-A and Lackey No. 2-A. The Section 13, Township 29 North, Range 10 West, is also indicated to be El Paso's but it is not developed in the Blanco-Mesaverde Pool. There is one Pictured Cliffs well on that section.

Q. Mr. Eaton, does El Paso own some acreage within this proposed unit area?

A. El Paso has a lease on Lot 1 and 2 of Section 18, Township 29 North, Range 9 West. The Lot 1 and the N/2 of Lot 2 will be included in our proposed non-standard gas unit. It amounts to 18.38 acres. El Paso and Stanolind are currently working on unit agreements to form the necessary proration unit for this non-standard unit here.

Q. The proposed area lies wholly within the Blanco-Mesaverde, does it?

A. Yes, it does. The entire area lies within the presently designated limits of the Blanco-Mesaverde Pool.

Q. In your opinion is the area--do you expect it to be productive of gas?

A. Yes, I believe that the entire 331 acres in the non-standard unit is productive. This is supported by these data which are posted to the plat of the area entered as our Exhibit No. 1. The red numbers opposite wells in the area

indicate the 1955 deliverability of Blanco-Mesaverde wells surrounding the lease. The green numbers represent the actual average daily production from the Blanco-Mesaverde Pool based on a period from July to December, 1955. You will note that there are no wells south of the proposed unit but there are wells to the southeast and to the northwest which indicates to me that the entire 331-acre non-standard unit is productive.

Q. Now your application, Mr. Eaton, also covers the proposed well location, does it not?

A. Yes, it does.

Q. Would you state the proposed location?

A. The proposed locations for the Sammons Gas Unit "B" No. 1 is 990 feet out of the Northeast corner of Section 18, Township 29 North, Range 9 West.

Q. Is that reasonably or as near as possible to an orthodox location?

A. It is a location most consistent with the existing field rules of the Blanco-Mesaverde Pool and with the irregularities associated with these narrow sections along Range 9 and 10 boundary line.

Q. Is there anything further you would like to say to the Commission?

A. I would like to state one other thing. In view of the title situation on our leases within this proposed non-standard unit, even though we believe that the proposed drill site is held by production from another lease, another unit, Stanolind is taking no chances in having that lease expire and has on location at this time a drilling rig and is prepared to begin drilling that well as soon as the Commission issues its order in this case.

MR. SMITH: What is the expiration date on that lease?

A. It is shown on this plat and in our application as March 13, 1956. The next expiration date is April 1, 1956. That is on Stanolind's Eluterio A. Lobato



lease. In summary, I would like to add that in my opinion, that the formation of this non-standard gas proration unit would not only prevent the confiscation of Stanolind's property but will protect its correlative rights and justify the share of its gas which lies under this acreage in the Blanco-Mesaverde Pool.

MR. SMITH: If it please the Commission, I would like to state that the declaration of unitization and the operating agreement has been executed or we understand will be executed today or tommorro by El Paso Natural Gas. Of course we have already executed it ourselves so that as soon as the Commission grants approval we will be able to proceed with our drilling operations. We have pooling clauses in the leases so that it will be 100% communitized. Both the royalty and the working interest.

MR. SETH: That is all of the direct testimony we have.

MR. MACEY: Does anyone have a question of the witness?

MR. GURLEY: What type lands are included in these leases?

MR. EATON: I believe all of these are fee lands.

MR. GURLEY: All fee. Now, you made the statement, sir, that it looked to you as though the titles in some of them were not good. Just to what extent to you----

MR. EATON: I believe our lawyers call them defendable.

MR. SMITH: I guess maybe I should answer the question rather than Mr. Eaton. The drill site as far as the well is located, is on what we believe to be a perfectly sound title. The other titles are what we term in legal forms defendable titles. In other words the people who preport to own it have had a break or some cloud back in their record. The title---it is possible that someone might

institute a suit. But in the opinion of the lawyers who examined the titles we are convinced that the people from whom we have the leases will be able to defend it successfully and that they are the true owners.

MR. GURLEY: How much of that land is under cloud?

MR. SMITH: Well, I can't tell you off hand. Let me see the plat here. I think the Lobato lease is partially under, the Sammons is alright, and I believe the Garcia is in pretty good shape.

MR. GURLEY: That would be approximately how many acres?

MR. SMITH: I would say approximately 190 acres.

MR. GURLEY: Well over half then is under question, is that right?

MR. SMITH: Well, let me put it this way. It is not under question because no one has attack the title now. The reason Mr. Eaton mentioned it, I am putting words in his mouth, is that in drilling a well we want to make certain that is anyone does come in and by some mischance the lawyers might be wrong in saying its a defendable title, they might be able to take the well away from you if it is on that tract of land. So that is one of the reasons we have located the well where we have. And, I think that is one of the reasons that Mr. Eaton mentioned it. It is my opinion, as a lawyer, however, the question of titles have bearing before the Commission only in respect to protection of correlative rights and until such time as some one should attack the title, I think the Commission must take the record owner, that is the people who have the record owner accounting.

MR. GURLEY: Thats all the questions I have.

MR. MACEY: Anyone else have a question of the witness? If there are no further questions, the witness may be excused. Do you have anything further Mr. Seth.

MR. SETH: We would like to introduce Stanolind's Exhibit No. 1 as evidence.

MR. MACEY: Exhibit will be received. If there is nothing further, we will take the case under advisement. The hearing is adjourned.

STATE OF NEW MEXICO )  
                                  ) ss.  
COUNTY OF SANTA FE )

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

Dated this 26th day of April, 1956.

Joan Hadley

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:

*Rough Presented  
by Stanolind  
but not used*

CASE NO. 1037  
Order No. R-

THE APPLICATION OF STANOLIND OIL AND GAS  
COMPANY FOR APPROVAL OF A NON-STANDARD  
GAS PRORATION UNIT IN CERTAIN NARROW SECTIONS  
IN THE BLANCO MESAVERDE GAS POOL, AND FOR  
APPROVAL OF AN UNORTHODOX LOCATION FOR A WELL  
IN SAID SECTIONS:

APPLICANT IN THIS CASE SEEKS EXCEPTION TO  
PROVISIONS OF COMMISSION ORDERS R-110 AS AMENDED  
BY ORDER R-128-D TO PERMIT FORMATION OF A NON-  
STANDARD GAS DRILLING AND PRORATION UNIT IN THE  
BLANCO MESAVERDE GAS POOL, SAN JUAN COUNTY, NEW  
MEXICO. SAID UNIT BEING NECESSITATED BY THE  
PHYSICAL IRREGULARITY OF TOWNSHIP 29 NORTH, RANGE  
9 WEST, ON ITS WESTERN BOUNDARY.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 9, 1956, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 9th day of March, 1956, the Commission, a quorum being present, having fully considered the application and the testimony adduced at the hearing, 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 case and the subject matter thereof.
- (2) That Sections 7 and 18 of T-29-N, R-9-W, are of less than normal size, containing approximately 540 acres each.
- (3) That in order to provide a uniform spacing pattern in line with the 320-acre pattern previously established by the Commission, unorthodox drilling and proration units should be established in said sections as to wells drilled or hereafter drilled in the Blanco-Mesaverde Pool in this area.

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Case No. 1037  
Order No. R-

(4) That an unorthodox location should be approved due to the irregularity of Sections 7 and 18, Township 29 North, Range 9 West.

IT IS THEREFORE ORDERED:

That the application of Stanolind Oil and Gas Company, be, and the same is hereby approved as follows:

(1) That the following described lands containing the acreage as outlined shall constitute a drilling and proration unit for the production of gas from the Blanco Mesaverde Gas Pool:

(a) TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
S/2 S/2 Section 7 N/2 N/2 and N/2 S/2 N/2 Section 18

containing 331 acres, more or less, to be known as the Sammons Gas Unit "B".

IT IS FURTHER ORDERED:

That an unorthodox location for the above designated unorthodox drilling and proration unit be and the same hereby is approved as follows:

(a) The projected well to be located 990' from the north and east lines of Section 18, Township 29 North, Range 9 West, NMPM.

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

State of New Mexico  
Oil Conservation Commission

John F. Simms, Chairman

E. S. Walker, Member

W. B. Macey, Member and Secretary

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. 1037  
Order No. R-771

THE APPLICATION OF STANOLIND OIL  
AND GAS COMPANY FOR AN ORDER  
GRANTING APPROVAL OF A NON-STANDARD  
GAS PRORATION UNIT OUT OF TWO NARROW  
SECTIONS IN THE BLANCO-MESAVERDE GAS  
POOL IN EXCEPTION TO PROVISIONS OF  
COMMISSION ORDER R-110 AS AMENDED BY  
ORDERS R-397 AND R-128-D, SAID NON-  
STANDARD GAS PRORATION UNIT TO CONSIST  
OF S/2 S/2 SECTION 7, N/2 N/2, AND THE  
N/2 S/2 N/2 SECTION 18, TOWNSHIP 29  
NORTH, RANGE 9 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, AND FOR APPROVAL  
OF AN UNORTHODOX LOCATION FOR ONE WELL  
THEREON.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
March 9, 1956, at Santa Fe, New Mexico, before the Oil Conservation  
Commission of New Mexico, hereinafter referred to as the Com-  
mission.

NOW, on this 12<sup>th</sup> day of March 1956, the Commission,  
a quorum being present, having considered said application and the  
evidence adduced, and being fully advised in the premises,

FINDS:

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

(2) That Sections 7 and 18 of Township 29 North,  
Range 9 West, are of less than normal size, containing approximately  
527 acres each.

(3) That in order to provide a uniform spacing pattern  
in line with the 320-acre proration units previously established by  
the Commission, a non-standard proration unit should be established  
in said sections as to a well to be drilled in the Blanco-Mesaverde  
Pool in this area.

(4) That an unorthodox location should be approved  
due to the irregularity of Sections 7 and 18, Township 29 North,  
Range 9 West.

IT IS THEREFORE ORDERED:

That the application of Stanolind Oil and Gas Company  
be, and the same is hereby approved for the following described  
lands in San Juan County, New Mexico, containing the acreage as

outlined and shall constitute a non-standard proration unit for the production of gas from the Blanco-Mesaverde Gas Pool:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
S/2 S/2 of Section 7  
N/2 N/2, N/2 S/2 N/2 of Section 18

containing 331 acres, more or less, to be known as the Sammons Gas Unit "B".

IT IS FURTHER ORDERED:

That an unobstructed location for the above-designated non-standard proration unit be and the same hereby is approved. The projected well No. 1 to be located 990' from the North line and 990' from the East line of Section 18, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John F. Simms*  
JOHN F. SIMMS, 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

March 20, 1956

Mr. Oliver Seth  
Seth & Montgomery  
111 E. San Francisco  
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Stanolind Oil & Gas Company, we  
enclose two copies of Order R-771 issued March 12, 1955, by the  
Oil Conservation Commission in Case 1037, which was heard on  
March 9th.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encls.

C  
O  
P  
Y

# STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

February 21, 1956

File: RGH-4064-986.510.1

Subject: Non-Standard Gas Proration Unit  
and (Compulsory Pooling,) Blanco-Mesaverde Pool

New Mexico Oil Conservation Commission (3)  
P. O. Box 371  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

Certain sections along the western boundary of T-29-N, R-9-W, San Juan County, New Mexico, are non-standard in size and contain only approximately 525 acres. As a result, it is necessary that non-standard gas proration units be formed in exception to New Mexico Oil Conservation Commission Order No. R-110, dated November 2, 1951, as amended by Order No. R-128-C, dated December 16, 1954. Accordingly, the Commission has previously approved non-standard proration units for the Stanolind Oil and Gas Company in Sections 6 and 7, T-29-N, R-9-W. These gas units were approved for production from the Blanco-Mesaverde Gas Pool and were identified as Stanolind's Houck, Jaquez and Nye Gas Units.

In order to proceed with our development program in this same area, Stanolind desires to form an additional non-standard gas proration unit in the Blanco-Mesaverde Gas Pool comprising the following acreage in T-29-N, R-9-W:

Section 7: S/2 S/2  
Section 18: N/2 N/2, N/2 S/2 N/2

This proposed non-standard unit comprises approximately 331 acres, more or less, and all of the operating interest is owned by the Stanolind Oil and Gas Company and the El Paso Natural Gas Company. Attached hereto is a complete description of all of the affected acreage. We would like to point out that the expiration date for the major portion of the leases involved varies between March 13, 1956 and April 8, 1956. The El Paso Natural Gas Company and Stanolind are currently developing the agreements necessary to formation of a gas proration unit comprising the above acreage.

New Mexico Oil Conservation Commission

RGH-1064-986.510.1

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In order that we may proceed with the drilling of a well with the least possible delay, it is respectfully requested that the Oil Conservation Commission issue an emergency order approving the non-standard unit as outlined above. In addition, we request that the Commission approve the drilling of a well in the Blanco-Verde Gas Pool within the boundaries of the proposed unit at a location 990' from the north and east lines of Section 18, T-29-N, R-9-W. It is assumed that the Oil Conservation Commission will set this matter down for hearing at the earliest possible date within 15 days after the effective date of the requested emergency order. At that time, Stanolind will present testimony in support of the above application for a non-standard gas proration unit and gas well location.

Yours very truly,



ALEX CLARKE, JR.  
Division Engineer

RGH:jm  
Attachment

cc: El Paso Natural Gas Company

ATTACHMENT I

DESCRIPTION OF ACREAGE IN PROPOSED  
NON-STANDARD GAS PRORATION UNIT  
BLANCO-MESAVERDE GAS POOL  
SAN JUAN COUNTY, NEW MEXICO

Stanolind Oil and Gas Company is the owner and holder of all operating rights under the following acreage:

- (a) The SE/4 of the SW/4, the S/2 of the SE/4 of Section 7 and a 4 1/2-acre rectangular strip along the North line of Section 18, extending from the Northwest Corner of the NE/4 of the NW/4 to the Northeast Corner of the NW/4 of the NE/4 of Section 18, which strip was conveyed by deeds to Irene Lujan Montoya, and reference is hereby made to the record of these deeds for a metes and bounds description, all in T-29-N, R-9-W, N.M.P.M.;
- (b) The NE/4 of the NE/4 of Section 18, T-29-N, R-9-W, N.M.P.M.;
- (c) The NW/4 of the NE/4 and the NE/4 of the NW/4 of Section 18, T-29-N, R-9-W, N.M.P.M., except a 9-acre rectangular strip along the North line of said Section 18, extending from the Northwest Corner of the NE/4 of the NW/4 to about 300' West of the Northeast Corner of the NW/4 of the NE/4. This strip was conveyed by deeds to Rafael Prado and Irene Montoya and reference is hereby made to the record of these deeds for a metes and bounds description thereof;
- (d) The N/2 of the SW/4 of the NE/4 and the N/2 of the SE/4 of the NW/4 of Section 18, T-29-N, R-9-W, N.M.P.M.;
- (e) The N/2 of the SE/4 of the NE/4 of Section 18, T-29-N, R-9-W, N.M.P.M.;
- (f) The S/2 of the North nine (9) acres of the NW/4 of the NE/4 and of the NE/4 of the NW/4 of Section 18, T-29-N, R-9-W, N.M.P.M., being West of the San Juan River, and being the same 4 1/2 acres, more or less, conveyed by Frank A. Lujan to Rafael Prado by Warranty Deed dated April 18, 1929, recorded in Book 81, page 459, of the Records of said County;
- (g) Lot 9, Section 7, T-29-N, R-9-W, N.M.P.M. (formerly Lot 4, Section 7).

El Paso Natural Gas Company is the owner and holder of all operating rights under the following acreage:

Lot 1 and the N/2 of Lot 2, Section 18, T-29-N, R-9-W,  
N.M.P.M.

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

February 24, 1956

C  
O  
P  
Y

Mr. Alex Clarke, Jr.  
Stanolind Oil & Gas Co.  
Oil and Gas Building  
Fort Worth, Texas

Re: Case 1037

Dear Sir:

Reference is made to your letter of February 21, 1956, pertaining to your application for a non-standard gas proration unit in the Blanco Mesaverde Gas Pool embracing approximately 331 acres in the S/2 S/2 of Section 7 and the north three-quarters of the N/2 of Section 18.

Although your application requested an emergency order, the Commission felt it desirable to have a hearing on the matter before issuing the order, and, therefore, has set this case for hearing at 9 a.m. on March 9th at Mabry Hall, Santa Fe, New Mexico, before the Commission. We will be able to issue an order in the case immediately so that you will not be delayed in commencing your well. If you desire to go ahead and prepare the location for the drill site, I am sure that we will be able to give you an answer immediately after the hearing.

If you have any questions concerning the case, please contact me.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp