



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 19, 1959

Mr. Edward E. Hutton
Esq., New & Noble
Law Firm
Albuquerque, New Mexico

Dear Mr. Hutton:

In behalf of your client, Atlantic Refining Company,
we enclose two copies of Order No. R-1424 in Case No.
1788 and Order No. R-1503 in Case 1788, issued by the
Oil Conservation Commission on October 19, 1959.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosures: (4)

C
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Y

Casa No.

1786

Application, Transcript,
Small Exhibits, Etc.

REPORT ON
THE COMMISSIONING OF THE
SANDY PT. AND BRIDGE

IN THE MATTER OF:

AND

TRANSCRIPT OF HEARING

OCTOBER 7, 1959

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 7, 1959

IN THE MATTER OF:

CASE 1786 Application of The Atlantic Refining Company for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of two 40-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool, one to consist of a portion of the W/2 of Section 33, the other to consist of a portion of the W/2 SW/4 of Section 28, both in Township 31 North, Range 16 West, San Juan County, New Mexico. The respective unit wells are to be located on unorthodox locations 1980 feet from the South line and 386 feet from the West line of said Section 33 and 660 feet from the South line and 386 feet from the West line of said Section 28.

BEFORE:

Elvin A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: The hearing will come to order. The next case on the docket will be Case 1786.

MR. PAYNE: Case 1786. Application of The Atlantic Refining Company for two non-standard oil proration units and for two unorthodox oil well locations.

MR. BRATTON: Howard Bratton, Roswell, New Mexico, appearing on behalf of the applicant, The Atlantic Refining Company.

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We have one witness and ask that he be sworn, please.

(Witness sworn)

BRUCE VERNOR,

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

DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, address and occupation?

A Bruce Vernor, Atlantic Refining Company, Casper, Wyoming, employed as area reservoir engineer.

Q Does the scope of your area include San Juan County, New Mexico?

A Yes, it does.

Q Are you familiar with the application of Atlantic in Case No. 1786?

A Yes, I am.

Q Have you previously appeared before this Commission as an expert engineer?

A I have.

Q In Case No. 1786 Atlantic is asking for two non-standard units and two unorthodox well locations?

A Yes, that is correct.

Q Is it the desire of Atlantic to amend its application to change the location of one of the unorthodox well locations?

A That is correct.

Q And that is the well located in the northernmost unit shown on Atlantic's Exhibit No. 1?

A That is correct.

Q Referring to Atlantic's Exhibit No. 1, will you explain what it shows by way of the proposed non-standard units and well locations?

A Included and proposed amended locations?

Q Yes.

A If the Commission please, may I look at my plat here?

MR. PAYNE: The yellow is the proposed --

A Yes, sir. This plat shows two 40-acre units composed of acreage in that part of the Navajo Indian Reservation lying in the W/4 of Sections 33 and 28, Township 31 North, Range 16 West. The southernmost unit includes the two partial lots in the W/2 of the SW/4 of Section 33 and a part, 980.4 feet of the partial lot in the W/2; the partial lot in the Navajo Reservation in the SW, SW/4 of the NW/4 of Section 33, the remaining 339.6 feet of that partial lot, all of ~~this~~ lot, partial lot in the NW/4 NW/4 of 33. The partial lot in the SW/4 of Section 28 and 604.9 feet of the partial lot in the NW/4 SW/4 of Section 28, would be the two units. They are as close as we can measure them, 40 acres apiece.

Q The well which you propose in the southernmost unit is located where, to be located where?

A 1980 feet from the South line and 386 feet from the West line of Section 33.

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Q And in the north unit, then, do you propose to amend your application to locate your well?

A Well, first of all, the application states 660 feet from the South line and 306 feet from the West line of Section 22. We propose to move our location 1320 feet South, which would then put it 660 feet from the North line and 306 feet from the West line of Section 33.

Q Now, the problem of these lots is brought about, is it not, Mr. Vernor, by virtue of the fact the lots to which you are referring and the acreage to the West lies within the Navajo Reservation, and the lands immediately to the East and the lands East of there lie within the Ute Reservation?

A That's right.

Q Atlantic owns the land on the West?

A That is correct.

Q And El Paso Natural Gas Products Company owns the lots immediately to the East and the locations immediately East of there?

A Yes.

Q They own the lease?

A That is correct.

Q The question of these non-standard units and locations has been discussed with El Paso and with the U.S.G.S., is that correct, Mr. Vernor?

A That is correct.

Q And these units and the proposed locations are agree-

able to El Paso and to the U.S.G.S.?

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A That is correct.

Q Now, on this same Examiner Hearing El Paso has an application for a non-standard location in Section 26, in the lots in Section 26.--

A Yes, they do.

Q -- for non-standard unit and location?

A Yes.

Q And they've discussed the problem of that unit and non-standard location with you, and it is agreeable with Atlantic, who is the offset operator?

A That is correct.

Q Do you believe the granting of this application will prevent waste and protect correlative rights in the area?

A Yes, I do.

Q Do you believe that the proposed wells will efficiently and economically drain the area?

A Yes, I do.

Q Do you have anything further in this case, Mr. Vernon?

A No, I think the rest of the items should be brought out later.

Q Was Exhibit No. 1, was that prepared by you?

A Prepared under my supervision.

MR. BRATTON: We offer Atlantic's Exhibit No. 1 and have nothing further in the case, Mr. Examiner.

A I would like to point out that the Exhibits -- the Exhibit and the altered Exhibits are identical with the exception of the well location in the North unit. They were made from the same basic plat.

Q You are referring to the Exhibit attached to the application?

A Yes.

MR. UTZ: Without objection, Exhibit No. 1 will be accepted into the record.

MR. BRATTON: Mr. Examiner, we would like to amend Atlantic's application in this case to reflect the proposed location of the well in the North unit.

MR. PAYNE: So that all parties can be properly apprised, as most of you know, the Commission has always taken the position that the legal advertising was jurisdictional, and at least you lawyers know jurisdiction can't be waived. Nonetheless, in view of your request, the Commission can go ahead and enter an Order bearing that in mind. Now, the only parties who would have standing at a future date to raise this lack of jurisdiction would be El Paso Products Company and U.S.G.S., and in the case of the Products Company, Atlantic and the U.S.G.S.

MR. UTZ: Is there objection to the amendment of the application as stated by counsel? If not, the application will be amended.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Vernor, what was the initial potential of well No. 21? Do you have that information?

A I don't have it at hand. However, the majority of the wells in that area were potentialized for pump capacity which is between 110 and 130 barrels.

Q Are Wes. 31 and 37 both non-marginal wells.--

A I believe that is correct.

Q -- top allowable. What would be the numbers of your new wells, new locations?

A I believe that they are 65 and 66.

Q The bottom is 65?

A I believe that is correct. I think we have designated them with numbers that wouldn't be inconsistent even with the locations that we have abandoned.

Q Mr. Vernor, what was your reason for locating No. 66 a little more in the center of the unit that you are asking for?

A We had considered the center location sometime ago, and we felt that as long as it was possible to locate the well more or less on pattern it would be better to do so, and then insofar as moving it South is concerned, that was at the request of the U.S. G.S.

MR. UTZ: Are there any other questions of the witness?

QUESTIONS BY MR. PAYNE:

Q Mr. Vernor, will you describe these two proposed units for me?

A That isn't too easy, I'll have to admit.

Q Haven't you described them in your application?

A They are described in our application by -- from corner to corner.

Q And those remain the same?

A Yes, there is no change. I was trying to get at that point when I said that the plats were identical except for the location, so there is no change.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

(Witness excused)

MR. UTZ: Any statements to be made in this case? If not, the case will be taken under advisement.

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, J. A. Trajillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 22nd day of October 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trajillo
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1289, heard by me on Oct. 7, 1959.

Ernest R. [Signature], Examiner
 New Mexico Oil Conservation Commission

**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. 1706
Order No. R-1208**

**APPLICATION OF THE ATLANTIC
REFINING COMPANY FOR THE
REDEVELOPMENT OF TWO 40-
ACRE TRACTS, INCLUDING OIL
AND GAS APPROPRIATE OF TWO UN-
ORTHODOX WELL LOCATIONS IN
THE MORGENTHAU-CALLER 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 October 7, 1939, at Santa Fe, New Mexico, before Elvin A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1814 of the Commission Rules and Regulations.

NOW, on this 19th day of October, 1939, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvin A. Utz, 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 is the operator of two 40-acre tracts in portions of Sections 28 and 33, T. 36 N., R. 16 W., S. 1 North, Range 16 West, N.M.P.M., San Juan County, New Mexico, comprising the following described acreage:

(a) A 40-acre tract consisting of a portion of the W/2 W/2 of said Section 33, more particularly described as follows:

Beginning at the Southwest corner of the SW/4 SW/4 of said Section 33; thence North 3,583.46 feet; thence East 486.1 feet; thence South 3,584.8 feet to the South line of said Section 33; thence West 486.1 feet to the point of beginning.

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Case No. 1786
Order No. 2-1508

(b) A 40-acre tract consisting of a portion of the W/2 SW/4 of said Section 28 and a portion of the W/2 NW/4 of said Section 28, more particularly described as follows:

Beginning at a point 289.6 feet South of the Southwest corner of the NW/4 NW/4 of said Section 28; thence North 2,885.5 feet along the West line of said Sections 28 and 29; thence East 486.1 feet; thence South 3,585.5 feet; thence West 486.1 feet to the point of beginning.

3. That the applicant proposes the establishment of two non-standard oil proration units in the Horseshoe-Gallup Oil Pool, the first of which would comprise the 40-acre tract described in Part (a) of Finding No. (2), and the second of which would comprise the 40-acre tract described in Part (b) of Finding No. (2).

4. That the applicant proposes to dedicate the above-described units respectively to wells to be drilled at the following northern locations:

(a) A well located 1,980 feet from the South line and 386 feet from the West line of said Section 33.

(b) A well located 640 feet from the North line and 386 feet from the West line of said Section 33.

5. That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That two 40-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool be and the same are hereby established in portions of Sections 28 and 33, Township 31 North, Range 16 West, NMPM, San Juan County, New Mexico, comprising respectively:

(a) A 40-acre tract consisting of a portion of the W/2 W/2 of said Section 33, specifically described as follows:

Beginning at the Southwest corner of the SW/4 SW/4 of said Section 33; thence North 3,583.46 feet; thence East 486.1 feet; thence South 3,584.8 feet to the South line of said Section 33; thence West 486.1 feet to the point of beginning.

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Case No. 1786
Order No. R-1803

(b) A 40-acre tract consisting of a portion of the W/2 SW/4 of said Section 22 and a portion of the W/2 NW/4 of said Section 22, specifically described as follows:

Beginning at a point 339.6 feet South of the Southwest corner of the NW/4 NW/4 of said Section 22; thence North 2,382.2 feet along the West line of said Sections 22 and 23; thence East 435.1 feet; thence South 2,382.2 feet; thence West 435.1 feet to the point of beginning.

(2) That the applicant be and the same is hereby authorized to dedicate the above-described non-standard oil operation units respectively to wells to be drilled at unorthodox locations as follows:

(a) A well located 1,920 feet from the South line and 226 feet from the West line of said Section 22.

(b) A well 640 feet from the North line and 226 feet from the West line of said Section 22.

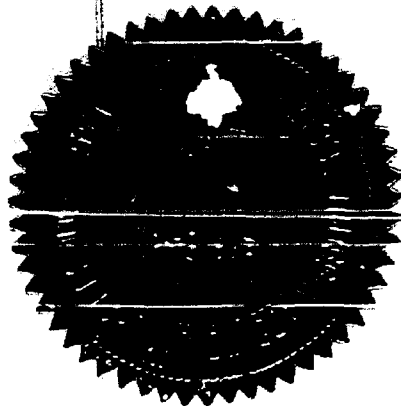
Done at Santa Fe, New Mexico on the day and year hereinafore designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, member

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



lcr/

DOCKET: EXAMINER HEARING OCTOBER 7, 1959

OIL CONSERVATION COMMISSION - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director.

- CASE 1782: Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Eunice King Well No. 10, located 660 feet from the North line and 1980 feet from the East line of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Paddock Pool and the production of oil from the Wantz-Abo Pool through parallel strings of tubing.
- CASE 1783: Application of Skelly Oil Company for an amendment of Order No. R-1237. Applicant, in the above-styled cause, seeks an order amending Order No. R-1237 to provide that new wells in the Otero-Gallup Oil Pool in Rio Arriba County be given 60 days after completion in which to make beneficial use of the produced casinghead gas.
- CASE 1784: Application of Tennessee Gas Transmission Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Glen Callow Well No. 8, located 890 feet from the South line and 1850 feet from the East line of Section 27, Township 29 North, Range 13 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and the production of gas from an undesignated Dakota gas pool through parallel strings of tubing.
- CASE 1785: Application of Whitehall Oil Company, Inc., for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location adjacent to the Allison-Pennsylvanian Pool, at a point 1980 feet from the North line and 660 feet from the West line of Section 14, Township 9 South, Range 36 East, Lea County, New Mexico.
- CASE 1786: Application of The Atlantic Refining Company for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of two 40-acre non-standard oil proration units in the Horseshoe-Gallup Oil Pool, one to consist of a portion of the W/2 W/2 of Section 33, the other to consist of a portion of the W/2 SW/4 of Section 28, both in Township 31 North, Range 16 West, San Juan County, New Mexico. The respective unit wells are to be located on unorthodox locations 1980 feet from the South line and 386 feet from the West line of said Section 33 and 660 feet from the South line and 386 feet from the West line of said Section 28.
- CASE 1778: Application of Olsen Oils, Inc., for an exception to the over-production shut-in provisions of Order R-520, as amended by Order R-967, for four wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Docket No. 34-59

Case 1778: (Cont.)

Cooper B Well No. 2, NE/4 NW/4 of Section 14,
T-24-S, R-36-E.

Myers B Well No. 1, SE/4 NW/4 of Section 13,
T-24-S, R-36-E,

S. R. Cooper Well No. 1, SE/4 NE/4 of Section 23,
T-24-S, R-36-E,

Winningsham Well No. 3, NE/4 SE/4 of Section 30,
T-25-S, R-37-E,

All in Lea County, New Mexico.

CASE 1779:

Application of Jal Oil Company for an exception to the overproduction shut-in provisions of Order R-520, as amended by Order R-967, for seven wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Legal Well No. 2, NE/4 SE/4 of Section 21,
Dyer Well No. 3, SE/4 NE/4 of Section 31,
Jenkins Well No. 1, SW/4 SW/4 of Section 29,
Jenkins Well No. 2, NE/4 SW/4 of Section 29,
Owens Well No. 1, SW/4 SW/4 of Section 21,
Repollo Well No. 1, SW/4 NW/4 of Section 28,

all in Township 25 South, Range 37 East, and the

Watkins Well No. 2, SE/4 NE/4 of Section 25,
Township 24 South, Range 36 East, all in Lea
County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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APPLICATION OF THE ATLANTIC
REFINING COMPANY FOR TWO NON-
STANDARD OIL PRORATION UNITS
AND FOR TWO UNORTHODOX WELL
LOCATIONS IN THE HORSESHOE-
GALLUP OIL POOL, SAN JUAN
COUNTY, NEW MEXICO

CASE No. 1786

To the New Mexico Oil Conservation Commission:

Comes The Atlantic Refining Company, a corporation with offices at Dallas, Texas, and hereby makes application to the New Mexico Oil Conservation Commission for an order approving the two non-standard oil proration units and the two unorthodox well locations hereinafter referred to in the Horseshoe-Gallup Oil Pool, San Juan County, New Mexico, and in support thereof applicant respectfully shows:

1. That applicant is the owner of oil and gas leases embracing portions of the Navajo Indian Reservation within the defined limits of the Horseshoe-Gallup Pool situated in San Juan County, New Mexico, including all of Sections 29 and 32, Township 31 North, Range 16 West, including a strip along the East boundary of said Sections 29 and 32, 486.1 feet wide. That there is attached hereto, made a part hereof and for purposes of identification marked Exhibit "A" a plat showing the strip above referred to and the ownership of the contiguous oil and gas leases and the producing wells located thereon, all of which are producing from the Horseshoe-Gallup Oil Pool.

2. That applicant desires to establish two non-standard oil proration units comprising a portion of the strip shown on Exhibit "A" attached hereto, more particularly described as follows:

- (a) A 40-acre non-standard oil proration unit consisting of a portion of the $W\frac{1}{2}W\frac{1}{2}$ Sec. 33, Twp. 31 N., Rge. 16 W., described as follows:

Beginning at the Southwest corner of the $SW\frac{1}{4}SW\frac{1}{4}$ Sec. 33; thence North 3,583.46 feet;

thence East 486.1 feet; thence South 3,584.8 feet to the South line of Sec. 33; thence West 486.1 feet to the point of beginning, containing 40 acres, more or less.

- (b) A 40-acre non-standard oil proration unit consisting of a portion of the W $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 28 and a portion of the W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 33, Twp. 31 N., Rge. 16 W., described as follows:

Beginning at a point 339.6 feet South of the Southwest corner of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Sec. 33; thence North 3,584.5 feet along the West lines of Sections 33 and 28; thence East 486.1 feet; thence South 3,584.5 feet; thence West 486.1 feet to the point of beginning, containing 40 acres, more or less.

3. That applicant proposes to dedicate the above described units respectively to the following wells:

- (a) A well to be located in the South unit above described, (a), 1,980 feet from the South line and 386 feet from the West line of Sec. 33.
- (b) A well to be located in the North unit above described, (b), 660 feet from the South line and 386 feet from the West line of Sec. 28.

4. That applicant believes that the said non-standard oil proration units and unorthodox well locations are necessary due to the shape of the strip as shown on Exhibit "A" attached hereto and that the drilling of said wells will be in the interest of conservation and the prevention of waste and the protection of correlative rights, including those of the royalty owners.

WHEREFORE, applicant prays that the Oil Conservation Commission, after due notice and hearing as provided by law and the rules and regulations of the Commission, enter an order herein approving the two non-standard oil proration units and the two unorthodox well locations in the Horseshoe-Gallup Oil Pool, as above set forth.

Respectfully submitted,

THE ATLANTIC REFINING COMPANY

By

Attorney

HERVEY, DOW & HINKLE

By

Attorneys for The Atlantic Refining Company

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10-8-59

CASE NO. 1786

HEARING DATE 10-7-59

My recommendations for an order in the above numbered case(s) are as follows:

Grant Atlantic's application for a NSP in
Horseshoe Gullup oil Pool.
Well to be located. 660/N, and 386/W
line of sec. 33-31N-16W.
Use miles & bounds for describing
acreage as in application.

[Signature]

State Member