

CASE 2430: Application of ROYAL
DEVELOP. CO. for seven unorthodox
oil well locations.

-asa//o.

2430

olution, Transcript,
all Exhibits, Etc.

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. 2430
Order No. R-2125

APPLICATION OF ROYAL DEVELOPMENT
COMPANY FOR SEVEN UNORTHODOX OIL
WELL LOCATIONS, 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 8, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

Now, on this 17th day of November, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis 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, Royal Development Company, seeks approval of seven unorthodox oil well locations in the Shiprock-Gallup Oil Pool, San Juan County, New Mexico, for the following-described wells in Section 17, Township 29 North, Range 18 West:

Well No. 17-I-A, to be located 2475 feet from the South line and 10 feet from the East line;

Well No. 17-I-A-1, to be located 2475 feet from the South line and 660 feet from the East line;

Well No. 17-I-B, to be located 2475 feet from the South line and 1310 feet from the East line;

Well No. 17-I-D, to be located 1650 feet from the South line and 10 feet from the East line;

Well No. 17-I-E, to be located 1650 feet from the South line and 1310 feet from the East line;

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CASE No. 2430
Order No. R-2125

Well No. 17-J-C, to be located 2475 feet from the South line and 2630 feet from the East line; and

Well No. 17-J-C-1, to be located 2475 feet from the South line and 1980 feet from the East line.

(3) That the proposed unorthodox well locations are necessitated by the applicant's desire to accomplish a better drainage pattern.

(4) That the proposed unorthodox well locations will not crowd acreage belonging to any other operator.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Royal Development Company, is hereby authorized seven unorthodox oil well locations in the Shiprock-Gallup Oil Pool, San Juan County, New Mexico, for the following-described wells in Section 17, Township 29 North, Range 18 West:

Well No. 17-I-A, to be located 2475 feet from the South line and 10 feet from the East line;

Well No. 17-I-A-1, to be located 2475 feet from the South line and 660 feet from the East line;

Well No. 17-I-B, to be located 2475 feet from the South line and 1310 feet from the East line;

Well No. 17-I-D, to be located 1650 feet from the South line and 10 feet from the East line;

Well No. 17-I-E, to be located 1650 feet from the South line and 1310 feet from the East line;

Well No. 17-J-C, to be located 2475 feet from the South line and 2630 feet from the East line; and

Well No. 17-J-C-1, to be located 2475 feet from the South line and 1980 feet from the East line.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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CASE No. 2430
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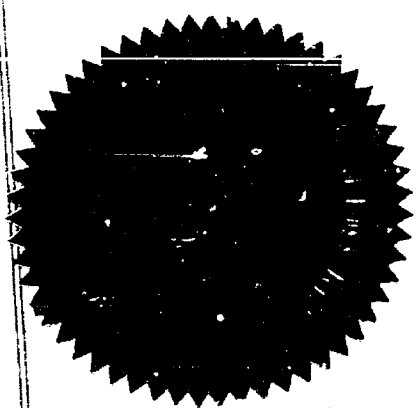
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S. L. Walker
EDWIN L. MECHEM, CHAIRMAN

E. S. Walker
E. S. WALKER, Member

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



esr/

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date _____

Operator _____

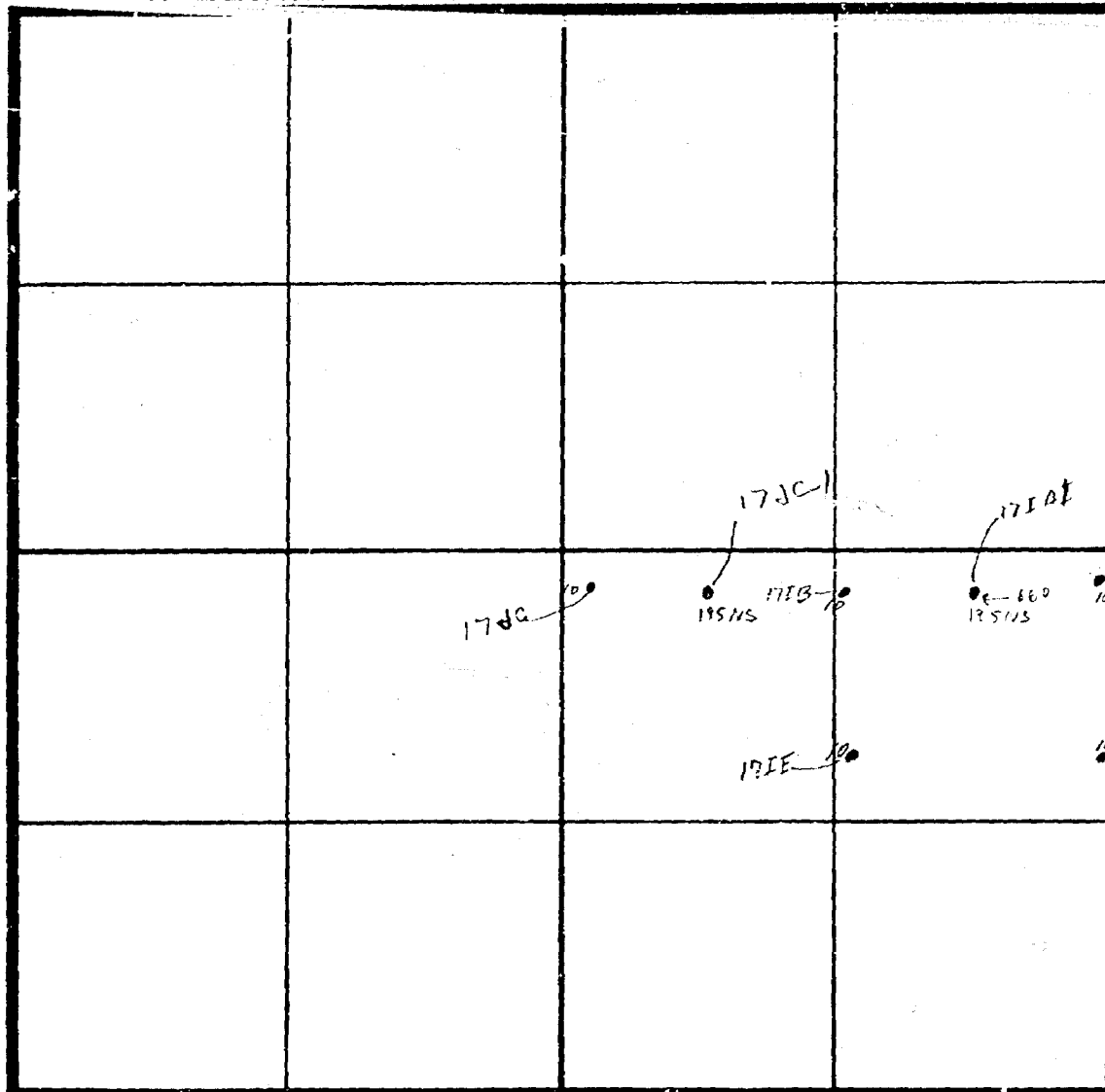
Lease _____

Well No. _____

Name of Producing Formation _____ Pool _____

No. Acres Dedicated to the Well _____

SECTION 17 TOWNSHIP 29 N RANGE 18 W



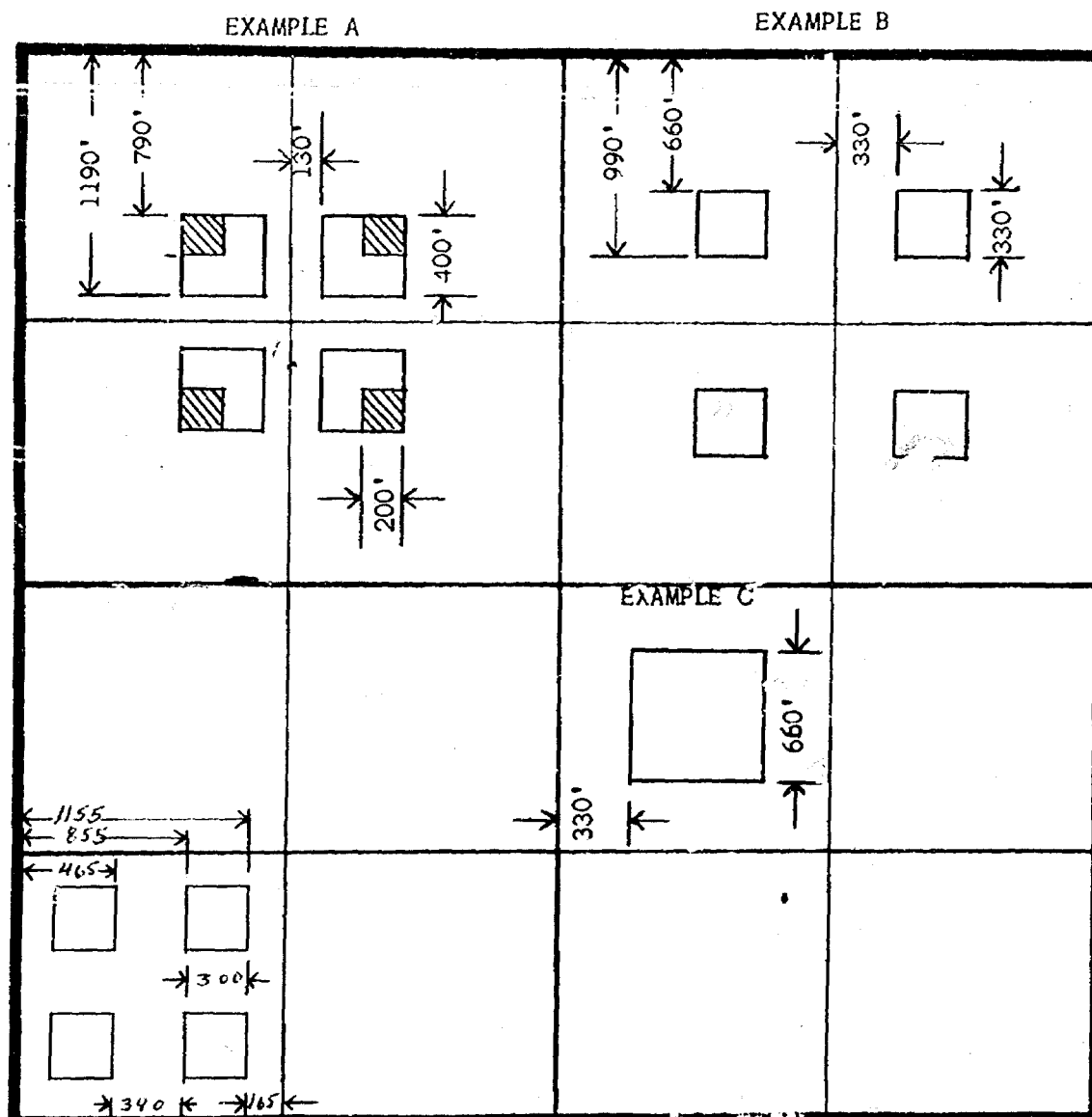
I hereby certify that the information given above is true and complete to the best of my knowledge.

Name _____
Position _____
Representing _____
Address _____

(over)

STANDARD OIL AND GAS WELL LOCATIONS IN NEW MEXICO ACCORDING TO RULE 104
OF THE GENERAL RULES AND REGULATIONS

Sec _____ Township No. _____ of Range No. _____



EXAMPLE A - Shows Standard Gas Well location in San Juan, Rio Arriba and Sandoval Counties. 200' crosshatched square shows portion of 400' square which is a standard location for oil or gas wells. These locations may be used in any quarter section.

EXAMPLE B - Shows standard gas well location for the State, except San Juan, Rio Arriba and Sandoval Counties. These locations may be used in any quarter section.

EXAMPLE C - Shows Standard Oil Well location for the State. This location may be used for a wildcat oil or gas well except in San Juan, Rio Arriba and Sandoval Counties. This location may be used in any quarter quarter section.

11/19/56

No. 30-61

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as Alternate Examiner:

- CASE 2421: Application of Texaco Inc. for approval of a unit agreement and for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northeast Caprock (Queen) Unit Agreement, covering 1360 acres, more or less, in Township 12 South, Range 32 East, Caprock Queen Pool, Lea County, New Mexico. Applicant further seeks authority to institute a unit-wide waterflood by the injection of water into the Queen formation through 19 wells located within said unit.
- CASE 2422: Application of Texaco Inc. for an oil-gas dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its J. C. Estlack Well No. 1, located in Unit T of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as an oil-gas dual completion (conventional) in the Blinebry Oil and Tubb Gas Pools, with the production of oil from the Blinebry zone and the production of gas from the Tubb zone to be through parallel strings of 2 1/16-inch tubing.
- CASE 2423: Application of Skelly Oil Company for authority to inject water into the Horseshoe-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to inject water into the Gallup formation underlying the Navajo "M" lease, comprising all of Sections 33 and 34, Township 32 North, Range 17 West, Horseshoe-Gallup Oil Pool, San Juan County, New Mexico, through the Navajo "M" Well No. 2, located 1980 feet from the South and West lines of said Section 33, for the purpose of secondary recovery.
- CASE 2424: Application of The Ohio Oil Company for a 160-acre non-standard gas proration unit, an unorthodox well location and an oil-gas dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Monument-McKee Gas Pool, comprising the N/2 SW/4 and S/2 NW/4 of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico,

CASE 2424: (Cont.)

said unit to be dedicated to the Bertha Barber Well No. 12, located at an unorthodox location 1650 feet from the South line and 330 feet from the West line of said Section 5. Applicant further seeks permission to complete said Bertha Barber Well No. 12 as an oil-gas dual completion (conventional) in the Monument-Paddock Pool and in the Monument-McKee Gas Pool, with the production of oil from the Monument-Paddock zone and the production of gas from the Monument-McKee zone to be through parallel strings of 2 3/8-inch tubing.

CASE 2425:

Application of Iverson & Welch for an order extending the limits of the Shugart and the North Shugart Pools and abolishing the Culwin & Culwin-Yates Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order abolishing the Culwin and Culwin-Yates Pools both of which are located in Townships 18 and 19 South, Ranges 30 and 31 East, Eddy County, New Mexico. Applicant further seeks an order extending the vertical limits of the Shugart and North Shugart Pools to include the Yates, Seven Rivers, Queen and Grayburg formations and establishing the horizontal limits of said pools as follows:

NORTH SHUGART POOL:

TOWNSHIP 18 SOUTH, RANGE 31 EAST

Section 8: S/2
Section 9: S/2, NE/4
Section 10: S/2, S/2 NE/4
Section 11: S/2, NE/4
Section 12: All
Section 13: N/2, SE/4
Section 14, 15, 16, 17, and 18: All
Section 22: N/2 N/2
Section 24: N/2 N/2 NE/4

SHUGART POOL: Remaining portion of the North Shugart Pool, as presently defined, plus that acreage contained in the Shugart, Culwin and Culwin-Yates Pools, as presently defined.

- CASE 2426: Application of Cities Service Petroleum Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hodges B Well No. 2, located in Unit L of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in undesignated Drinkard and undesignated Fusselman Pools, with the production of oil from both zones to be through parallel strings of 2 inch tubing.
- CASE 2427: Application of J. C. Williamson for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Westates-Federal Well No. 5, located in Unit E of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in undesignated Blinebry and undesignated Drinkard pools, with the production of oil from both zones to be through parallel strings of 2 3/8 inch tubing.
- CASE 2428: Application of Texas Pacific Coal & Oil Company for a 320-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the N/2 of Section 8, Township 22 South, Range 36 East, Lea County, New Mexico; said unit is to be dedicated to the State "A" A/c-2 Well No. 43, located 1650 feet from the North line and 990 feet from the East line of said Section 8.
- CASE 2429: Application of Standard Oil Company of Texas for approval of the Jurnegan Point Unit Agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jurnegan Point Unit Agreement embracing 10,240.84 acres, more or less, of State and fee lands in Township 24 South, Ranges 24 and 25 East, Eddy County, New Mexico.
- CASE 2430: Application of Royal Development Company for seven unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of seven unorthodox oil well locations in the Shiprock-Gallup Oil Pool, San Juan County, New Mexico, for the following-described wells in Section 17, Township 29 North, Range 18 West:
- ✓ Well No. 17-I-A located 2475 feet from the South line and 10 feet from the East line;

155' NSP

CASE 2430:(Cont.)

✓ Well No. 17-I-B located 2475 feet from the South line and
✓ 1310 feet from the East line;

✓ Well No. 17-I-D located 1650 feet from the South line and
✓ 10 feet from the East line;

✓ Well No. 17-I-E located 1650 feet from the South line and
✓ 1310 feet from the East line;

✓ Well No. 17-I-A-1 located 2475 feet from the South line and
✓ 660 feet from the East line;

✓ Well No. 17-J-C located 2475 feet from the South line and
✓ 2630 feet from the East line;

✓ Well No. 17-J-C-1 located 2475 feet from the South line and
✓ 1980 feet from the East line;

CASE 2431:

Application of H. F. Sears for an exception to Rule 107, San Juan, County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 107 authorizing the completion of the Navajo 1-5 well located in the NE/4 NE/4 of Section 5, Township 24 North, Range 10 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, as a 2 7/8-inch tubingless completion below the depth of 5,000 feet.

Case 2430

Heard 11-8-61

Rec. 11-9-61

1. Grant Royal Hel. Co. an exception to Rule 1 of Order R-1438, which pertains to ~~surfacing~~ or well location, for 7 N 54 in the shiprock Gallup oil pool. See applicants letter of Nov. 6, 1961 for locations of each well & list in order.

Thos. H. [Signature]

ROYAL DEVELOPMENT COMPANY

KORBER BUILDING
ALBUQUERQUE, NEW MEXICO

Nov 6 1961

Oil Conservation Commission
State of New Mexico
Sante Fe, N M

Gentlemen

Please consider this letter our formal application for seven unorthodox oil well locations in Section 17, Township 29 North, Range 18 West, in the Shiprock-Gallup Oil Pool, San Juan County New Mexico, as follows:

Well No 17-I-A located 2475' FSL and 10' FEL; —
Well No 17-I-B located 2475' FSL and 1310' FEL; —
Well No 17-I-D located 1650' FSL and 10' FEL; —
Well No 17-I-E located 1650' FSL and 1310' FEL; —
Well No 17-I-A-1 located 2475' FSL and 660' FEL; —
Well No 17-J-C located 2475' FSL and 2630' FEL; —
Well No 17-J-C-1 located 2475' FSL and 1980' FEL. —

The Ship-rock Gallup wells are located on Navajo Lease 14-20-603-5036, and we own and operate the NW/4 SW/4 of Section 16; the N, 2 SE/4 and the NE/4 SW/4 of Section 16. We now have several wells producing on this property in accordance with your spacing regulation CASE No 1697, ORDER No R-1438 dated June 24, 1959, all from a depth of less than 190 feet.

This application in effect requests locations closer to the quarter-quarter section than the 165 feet specified in your Order, but only within the confines of our lease, and not closer than 165 feet to any adjacent property or lease owner.

It further requests locations closer than 300 feet between wells, but again, only on wells located within our lease.

The oil being produced is apparently a result of gravity drainage. There is no apparent "gas or water drive". It is felt that additional wells and closer spacing will result in the recovery of additional oil.

A plat is attached showing our acreage, - the location of the first eighteen wells drilled and productive, and the location of the above requested unorthodox locations.

Your consideration to this application will be appreciated.

Sincerely,

ROYAL DEVELOPMENT COMPANY

H. E. Shillander
H E Shillander

HSs encl

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 871
SANTA FE

November 20, 1961

Mr. Hugo Cotter
Bank of New Mexico Building
Albuquerque, New Mexico

Re: Case No. 2430
Order No. R-2125
Applicant:
Royal Development Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

OTHER

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

November 8, 1961

IN THE MATTER OF:
Application of Royal Development Company for
seven unorthodox oil well locations, San Juan
County, New Mexico.

CASE NO.
2430

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2430.

MR. WHITFIELD: Application of Royal Development Com-
pany for seven unorthodox oil well locations, San Juan County,
New Mexico.

MR. COTTER: R. Hugo C. Cotter, Albuquerque, represent-
ing Royal Development Company. We've one witness. We have a
deficiency in copies of the exhibits.

(Witness sworn.)

H. E. SHELLANDER,

called as a witness by and on behalf of applicant, having been
first duly sworn on oath, was examined and testified as follows:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DIRECT EXAMINATION

BY MR. COTTER:

Q Will you state your name, please, sir.

A H. E. Shellander.

Q Are you employed by the applicant, Royal Development Company?

A Yes. I am business manager for Royal Development Company in Albuquerque.

Q I show you Exhibit 1. Will you identify what that is, Mr. Shellander.

A This is an exhibit showing the acreage that we have located in the Shiprock-Gallup Pool. The acreage that we own and operate is located south of the half-section line running between Sections 16 and 17.

Q Is the lease owned by Royal Development Company encompassed by the area in the cross-hatched line?

A That is correct, 200 acres.

Q Is there any other producing company in the Gallup-Shiprock field?

A Yes, Universal Oil Company has contiguous acreage to the north.

Q All of the producing wells indicated on this map are for Royal Development Company?

A That's right.

Q There are no other producers in the Pool?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

1 MCNE CH 3-6691

A None other than the two we have mentioned.

Q Now, what is the prevailing well spacing in that field at present, Mr. Shellander, if you know.

A By a special ruling made in 1959, I believe, the well spacing was set up on a two and a half acre spacing. The regulation reads: "Each well drilled in the Shiprock-Gallup Pool shall be located no nearer than 165 feet to the outer boundaries of the quarter quarter section on which it is located and shall be located no nearer than 300 feet to the nearest well producing from the same common source of supply." It provides, however, that said 300 feet restriction shall be applicable to wells projected or to be completed in the Gallup formation which offset wells were drilled or completed in the Shiprock-Gallup Oil Pool on the effective date of these rules.

Q Mr. Shellander, were you reading from Order No. R-1438 promulgated in Cause No. 1697 before this Commission?

A That is correct, sir.

Q Now, within the area of the Royal Development lease how many wells are there?

A Eighteen wells are producing now.

Q They are all depicted on the exhibit?

A That is correct. There were wells that are shown in this solid circle.

Q What is the depth of the most shallow of these wells?

A We get production at 69 feet on the west end of the

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PHONE CN 3-6651

ALBUQUERQUE, NEW MEXICO

field.

Q What is the depth of the deepest well?

A It is 100 feet deeper at the east end of the field.

Q Now, what are the seven red circles depicted on the map, sir?

A We have requested seven unorthodox locations, unorthodox in accordance with the specific rules that have been set up. We are asking for a relaxation of the rules allowing wells to be spaced closer than 300 feet within the confines of our lease and within 165 feet of the quarter quarter section line, also within the confines of our lease, but no closer than the existing 165 feet ruling to the producing acreage contiguous to the north.

Q The proposed locations, are they depicted as to proposed position on this map?

A It is. The map is of such scale that it's pretty hard to depict.

Q Is it proposed to locate any of the five northerly wells less than 165 feet from the northern boundary of the lease?

A No, exactly 165 feet from the northern boundary of the lease.

Q Then the only way in which these wells would be unorthodox as to location is insofar as the quarter quarter section boundary would be concerned so that some of these would



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PHONE CM 3-6691

ALBUQUERQUE, NEW MEXICO

be less than 165 feet from the north-south boundaries?

A That's right, of the quarter quarter section, from the boundary running north-south, right.

Q Some or all of the wells would be less than 300 feet from other producing wells within the Royal Development leasehold?

A Some would be, yes.

Q What is the reason that Royal Development Company intends to drill these additional seven wells?

A Well, from our experience with the eighteen wells we have, we found that we have no drive that you normally experience such as a gas solution drive or water drive. The wells in the producing section, which averages six feet, slopes from west to east and the only drive we can determine is drive by gravity and we feel that by putting more holes in the ground to penetrate the producing formation, that we will recover more oil.

Q In Case No. 1697, do you know who the applicant was for the present spacing rules in effect in this field?

A It was the producing company to the north contiguous to us.

Q Universal?

A Universal Oil Corporation.

MR. COTTER: We tender in evidence at this time Exhibit No. 1 with no further questions.



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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

EXAMINER UTZ: Without objection, Exhibit No. 1 will be entered into the record.

CROSS EXAMINATION

BY EXAMINER UTZ:

Q Actually, Mr. Shellander, the only reason that you went this is to try to acquire better drainage?

A That is it, sir.

Q These are pumping wells?

A Yes.

EXAMINER UTZ: Are there other questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Shellander, did you say your pay average is six feet thick?

A Yes, sir. In the one well that exists.

Q In no event would any well be closer to 165 feet to your boundaries, is that correct?

A That is correct.

MR. NUTTER: Thank you.

EXAMINER UTZ: Are there other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

EXAMINER UTZ: Are there any other statements in this



case?

The case will be taken under advisement.

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 30 day of November, 1961, in the City of Farmington, County of San Juan, State of New Mexico.

Thomas F. Horne
Notary Public

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner Hearing of Case No. 2430, heard by me on Nov. 5, 1961.

Shirley A. [Signature]
Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CI 3-6691

ALBUQUERQUE, NEW MEXICO

