CASE 3043: Motion of the OCC to consider gas prorationing in the BLANCO AND GAVILAN-PC POOLS.

(FSE NO. 3642

APPlication, Transcripts, SMAIL Exhibits ETC.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe New Mexico May 13, 1964

REGULAR HEARING

IN THE MATTER OF: IN the matter of the hearing calged by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Blanco-Pictured Cliffs Pool, San Juan County, New Mexico, and the Gavilan-Pictured Cliffs Pool, Rio Arriba County, New Mexico, and the extension of said Blanco-Pictured Cliffs Pool to include the E/2 of Section 15, Township 29 North, Range 9 West the SW/4 of Section 31, Township 30 North, Range 8 West, and all of Sections 9, 15, 16 and 22, the NE/4 of Section 27, and the N/2 and SE/4 of Section 21, all in Township 30

Case No. __3043

DEARNLEY-MEIER REPORTING SERVICE, Inc.

BEFORE:

North, Range 9 West.

Governor Jack M. Campbell E. S. (Johnny) Walker A. L. Porter

TRANSCRIPT OF HEARING

NIBUQUEROUE, N. M. PHONE 243.6691



MR. PORTER: We will take up Case 3043 next.

MR. DURRETT: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consdier the institution of gas prorationing in the Blanco-Pictured Cliffs Pool, San Juan County, New Mexico, and the Gavilan-Pictured Cliffs Pool, Rio Arriba County, New Mexico, and the extension of said Blanco-Pictured Cliffs Pool to include the E/2 of Section 15, Township 29 North, Range 9 West, the SW/4 of Section 31, Township 30 North, Range 8 West, and all of Sections 9, 15, 16 and 22, the NE/4 of Section 27, and the N/2 and SE/4 of Section 21, all in Township 30 North, Range 9 West.

MR. PORTER: In connection with Case 3043, when the case was advertised I wrote a letter to each of the interested parties advising them that the case was advertised for this hearing date. Since that time I have written each of those interested parties to the effect that it would not be heard today, but would be continued. In my letter I just said to some future date. At this time the Commission will continue the case specifically and when it is brought back it will be readvertised.

We will take a fifteen minute recess at this time.

(Recess.)



DEARNLEY-MEIER REPORTING SERVICE, Inc.

STATE OF NEW MEXICO) SS. COUNTY OF BERNALILLO)

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 notarial seal this 16th day of May, 1964.

My Commission Expires:

June 19, 1967

DOCKET: REGULAR HEARING - WEDNESDAY - MAY 13, 1964

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

ALLOWABLE:

- (1) Consideration of the oil allowable for June, 1964.
- (2) Consideration of the allowable production of gas for June, 1964, from ten prorated pools in Lea and Eddy Counties, New Mexico, and also presentation of purchasers' nominations for said pools for the six-month period beginning July 1, 1964; consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for June, 1964.

CASE 3043: (This case will be continued)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Blanco-Pictured Cliffs Pool, San Juan County, New Mexico, and the Gavilan-Pictured Cliffs Pool, Rio Arriba County, New Mexico, and the extension of said Blanco-Pictured Cliffs Pool to include the E/2 of Section 15, Township 29 North, Range 9 West, the SW/4 of Section 31, Township 30 North, Range 8 West, and all of Sections 9, 15, 16, and 22, the NE/4 of Section 27, and the N/2 and SE/4 of Section 21, all in Township 30 North, Range 9 West.

CASE 3044:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of certain rules. In the above-styled cause, the Commission proposes to consider the amendment of Rule 104 to define a wildcat oil well and a wildcat gas well, and to permit the dedication of 160 acres to a wildcat gas well drilled in Lea, Chaves, Eddy and Roosevelt Counties unless said well is projected to the Pennsylvanian formation or deeper, in which case 320 acres could be dedicated. It is also proposed to define the completion date of a gas well and to require certain tests to be conducted on wildcat gas wells anywhere in the State following their completion and to provide that the acreage dedicated to the well be reduced to 40 acres if such tests do not establish that the well is indeed a gas well. It is also proposed to consider amending Rule 401 to provide that unconnected gas wells be tested to determine their potential. It is further proposed to consider amending Rule 301 to require gas-oil ratio tests to be taken no sooner than 20 days nor later than 30 days following the completion or recompletion of a well and to be reported to the Commission within 10 days following completion of the test.

See attached sheets for proposed rule changes.

CASE 3045:

Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea County, New Mexico:

a) CREATE a new oil pool for Abo production, designated as the South Double A-Abo Pool, and described as:

- 2 - May 13, Nomenclature

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM SECTION 30: NE/4

b) EXTEND the Allison-Abo Pool to include therein:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM SECTION 2: SW/4

c) EXTEND the North Bagley-Upper Pennsylvanian Pool to include therein:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM SECTION 10: S/2 SECTION 15: NE/4 SECTION 22: N/2 SE/4

d) EXTEND the Baish-Wolfcamp Pool to include therein:

TOWNSHIP 17 SOUTH. RANGE 32 EAST, NMPM-SECTION 21: NE/4

e) EXTEND the South Lane-Pennsylvanian Pool to include therein:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM SECTION 34: SE/4

f) EXTEND the Lea-Bone Springs Pool to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM SECTION 11: SW/4

g) EXTEND the Sand Springs-Devonian Pool to include therein:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM SECTION 11: W/2 NE/4

h) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM SECTION 31: W/2 W/2

i) EXTEND the Vacuum-Glorieta Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM SECTION 26: NW/4
SECTION 27: A11
SECTION 28: A11
SECTION 29: A11
SECTION 30: S/2 and NE/4
SECTION 31: S/2
SECTION 32: A11
SECTION 33: A11

SECTION 34: N/2 NW/4

j) EXTEND the Vacuum-Wolfcamp Pool to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM SECTION 31: NW/4

PROPOSED AMENDMENT RULE 104, SECTIONS A. B. C. AND D

RULE 104. WELL SPACING: ACREAGE REQUIREMENTS FOR DRILLING TRACTS

A. CLASSIFICATION OF WELLS: WILDCATS AND DEVELOPMENT WELLS

Any well which is to be drilled a distance of one mile or more from another well which has produced oil or gas from the formation to which the proposed well is projected or one mile or more from the outer boundary of any defined pool which has produced oil or gas from the formation to which the proposed well is projected, shall be classified as a wildcat well.

Any well which is to be drilled less than one mile from the outer boundary of a defined oil or gas pool which has produced oil or gas from the formation to which the proposed well is projected shall be classified as a development well and shall be spaced, drilled, operated and produced in accordance with the regulations in effect in the nearest such pool, provided the well is completed in the formation to which it was projected. Provided further, that any well completed in a formation other than the one to which it was originally projected shall be operated and produced in accordance with the rules and regulations in effect in the nearest pool within one mile which is producing from the same formation in which the well is completed.

If there is no designated pool for the aforesaid formation within one mile, the well shall be classified as a wildcat.

B. ACREAGE REQUIREMENTS FOR WILDCATS

I. Lea, Chaves, Eddy and Roosevelt Counties

(a) Wildcat Gas Wells

In Lea, Chaves, Eddy, and Roosevelt Counties, a wildcat gas well shall be defined as a wildcat in accordance with Section A above which is projected as a gas well in a formation and an area which, in the opinion of the engineer or supervisor approving the application to drill, may reasonably be presumed to be productive of gas rather than oil.

Such wildcat gas well shall be located on a drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter-section, being a legal subdivision of the U. S. Public Land Surveys; provided, however, if such wildcat gas well is projected to a formation of Pennsylvanian age or older, it shall be located on a drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U. S. Public Land Surveys.

Any such wildcat gas well shall be located at least 660 feet from the outer boundary of the 160-acre or 320-acre tract and shall PAGE -2be located not closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

In Lea, Chaves, Eddy and Roosevelt Counties, a wildcat (b) Wildcat Oil Wells oil well shall be defined as a wildcat in accordance with Section A above but which is not a wildcat gas well as defined above.

Such wildcat oil well shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary line of such tract.

II. San Juan, Rio Arriba, and Sandoval Counties

In San Juan, Rio Arriba, and Sandoval Counties, a wildcat (a) Wildcat Gas Wells gas well shall be defined as a wildcat in accordance with Section A above which is projected to a gas-producing horizon and shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section, being a legal subdivision of the U. S. Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section or subdivision inner

In the event oil production is encountered in a well which was projected to a gas-producing horizon and which is located accordingly but does not conform to the oil well location rule below, it shall be necesboundary. sary for the operator to bring the matter to a hearing before approval for the production of oil can be given.

A wildcat oil well shall be defined as a wildcat in accord-(b) Wildcat Oil Wells ance with Section A above which is projected to an oil-producing horizon as recognized by the Commission and shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U. S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary line of such tract.

In the event gas production is encountered in a well which was projected to an oil-producing horizon and which is located accordingly but does not conform to the above-described gas well location rule, it shall be necessary for the operator to bring the matter to a hearing before approval for the production of gas can be given.

III. All counties except Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, and Sandoval

Any well classified as a wildcat in any county other than Lea, Chaves, Eddy, Roosevelt, San Juan, Rio Arriba, and Sandoval shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the U.S. Public Land Surveys, or on a governmental quarter-quarter section or lot and shall be located not closer than 330 feet to any boundary of such tract.

C. ACREAGE REQUIREMENTS FOR DEVELOPMENT WELLS

I. Oil Wells, All Counties

Unless otherwise provided in special pool rules, each well drilled within a defined oil pool shall be located on a tract consisting of approximately 40 surface contiguous acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys, or on a governmental quarter-quarter section or lot and shall not be drilled closer than 330 feet to any boundary line of such tract or closer than 660 feet to the nearest well drilling to or capable of producing from the same pool.

II. Gas Wells

(a) Lea, Chaves, Eddy and Roosevelt Counties

Unless otherwise provided in special pool rules, each well drilled within a defined gas pool of less than Pennsylvanian age shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the United States Public Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of such tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

Unless otherwise provided in special pool rules, each well drilled within a defined gas pool of Pennsylvanian age or older shall be located on a designated drilling tract consisting of 320 surface contiguous acres, more or less, comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision of the U. S. Public

Land Surveys and shall not be drilled closer than 660 feet to any outer boundary line of the tract nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

(b) San Juan, Rio Arriba, and Sandoval Counties

Unless otherwise provided in special pool rules, each well drilled within a defined gas pool shall be located on a designated drilling tract consisting of 160 surface contiguous acres, more or less, substantially in the form of a square which is a quarter section being a legal subdivision of the United States Public Land Surveys, and shall be located not closer than 790 feet to any outer boundary of the tract nor closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.

D. ACREAGE ASSIGNMENT, COMPLETED WELLS

I. Well Tests and Classification

It shall be the responsibility of the operator of any wildcat gas well or development gas well to which more than 40 acres has been dedicated to determine the gas-liquid ratio and the liquid gravity for the well and to conduct a potential test within 30 days following completion of the well and to file the same with the Commission within 10 days following completion of the tests. (See Rules 301 and 401.)

Date of completion for a gas well shall be the date a well head is installed or 30 days following conclusion of active completion work on the well, whichever date comes first.

Upon making a determination that the well should not properly be classified as a gas well, the Commission will reduce the acreage dedicated to the well.

Failure of the operator to file the aforesaid tests within the specified time will also subject the well to such acreage reduction.

II. Non-Standard Units

Any completed gas well which does not have the required amount of acreage dedicated to it for the pool or formation in which it is completed may not be produced until a standard unit for the well has been formed and dedicated or until a non-standard unit has been approved.

The Secretary-Director of the Commission may grant administrative approval to non-standard gas units without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the U. S. Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental quarter section if the well is completed in a pool or formation for which 160 acres is the standard unit size or wholly within a single governmental half section if the well is completed in a pool or formation for which 320 acres is the standard unit size.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the quarter section (for 160-acre pools or formations) or the half-section (for 320-acre pools or formations) in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such nonstandard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

PROPOSED AMENDMENT RULE 301

RULE 301. GAS-OIL RATIO TEST

Amend the first paragraph of Section (a) to read as follows:

Each operator shall take a gas-oil ratio test no sooner than 20 days nor later than 30 days following the completion or recompletion of each well, if (1) the well is a wildcat, or (2) the well is located in a pool which is not exempt from the requirements of this rule. (Wells completed within one mile of the outer boundary of a defined oil pool producing from the same formation shall be governed by the provisions of this rule which are applicable to the pool). The results of the test shall be reported to the Commission on Form C-116 within 10 days following completion of the test. The gas-oil ratio thus reported shall become effective for proration purposes on the first day of the calendar month following the date they are reported.

PROPOSED AMENDMENT RULE 401

RULE 401. METHOD OF DETERMINING NATURAL GAS WELL POTENTIAL

Add the following paragraph to the existing rule:

All gas wells which are not connected to a gas gathering facility shall be tested within 30 days following the installation of a well head. Tests shall be taken in accordance with the "Procedure for Testing Unconnected Gas Wells" contained in Supplement I to the New Mexico Oil Conservation Commission "Manual for Back Pressure Tests for Natural Gas Wells." Tests shall be reported on Form C-122 in compliance with Rule 1121 and shall be filed within 10 days following completion of the test.

April 30, 1964

El Paso Natural Gas Company Post Office Box 1492 El Paso, Texas

Attention: Mr. Norman Woodruff

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Pan American Petroleum Corporation Box 480 Farmington, New Mexico

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

April 30, 1964

pubco petroleum Corporation Post Office Box 1360 Albuquerque, New Mexico

Attention: Mr. Frunk Gorham

date.

With further reference to our letter of April 22nd, With further reference to our letter of April 22nd, the case to consider protecting gas production in the glange sictured cliffs and Gavilan pictured Cliffs and Gavilan pictured Cliffs and Cavilan p the case to consider profeting gas production in the Blanco-sictured Cliffs and Gavilan-Pictured Cliffs and Gavilan-Pictured Cliffs and Gavilan-Pictured Cliffs and Gavilan-Pictured Cliffs and Foundation in the Blanco-sictured Cliffs and Gavilan-Pictured Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs
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No. 13. 1964. Will not be heard on that date Pools which has been docksted for the regular hearing on May 13, 1964, will not be heard on that date.

Commission will continue the case to a future hearing date. Gentlemen:

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Union Texas Natural Gas Corporation Post Office Box 196 Midland, Texas

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Cabot Corporation Post Office Box 1101 Pampa, Texas

Attention: Mr. Walter F. G. Stein

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docksted for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Mr. John A. Egan Post Office Box 208 Farmington, New Mexico

Dear Sir:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Mr. E. L. Fundsingland 1402 Denver U. S. National Center Denver, Colorado

Dear Sir:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Humble Oil & Refining Company Post Office Box 1600 Midland, Texas

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Wery truly yours,

A. L. PORTER, Jr. Secretary-Director

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 30, 1964

Lakeland Petroleum Corporation Post Office Box 3500 Fort Worth 5, Texas

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Mountain States Petroleum Corporation Post Office Box 1362 Tulsa, Oklahoma

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Northwest Production Corporation Post Office Box 1796 El Paso, Texas

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

April 30, 1964

Socony Mobil Oil Company Post Office Box 778 Farmington, New Mexico

Gentlemen:

With further reference to our letter of April 22nd, the case to consider prorating gas production in the Blanco-Pictured Cliffs and Gavilan-Pictured Cliffs Pools which has been docketed for the regular hearing on May 13, 1964, will not be heard on that date. The Commission will continue the case to a future hearing date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

Case ____

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proposed to consider the

Townships 29 horth, Runge 9 wist, the SW/4 of Section 31, Township 30 horth, Range 8 West, and the all of Sections 9, 15, 16, and 22, the NE/4 of Section 27, and the N/2 and SE/4 of Section 21, are in Vowenship 30 horth, Range 9 WEST.

22 all, 27 NE/4, 9, 15, 16, 2/ NZOSE/4 SW SI 3,4 29-8

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