

CASE 3577: Application of EL PASO
NATURAL for four non-standard
units, Rio Arriba County, N.M.

CASE NO.

3577

Application,
TRANSCRIPTS,
SMALL Exhibits
ETC.

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

June 6, 1967

Mr. Richard S. Morris
Seth, Montgomery, Federici & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 3577
Order No. R-3246
Applicant:
El Paso Natural Gas Co.

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.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

Other Mr. Robert A. Meyer - El Paso Natural Gas Co.
El Paso, Texas

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. 3577
Order No. R-3246

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR FOUR NON-STANDARD UNITS,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 24, 1967,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 5th day of June, 1967, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, El Paso Natural Gas Company, seeks
approval of the following four non-standard gas proration units
within its San Juan 29-7 Unit Area in the Basin-Dakota Gas Pool,
Rio Arriba County, New Mexico:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

A 327.78-acre non-standard unit comprising the
W/2 of Section 6 and the NW/4 of Section 7, to
be dedicated to the applicant's San Juan 29-7
Unit Well No. 100 located 790 feet from the
South line and 950 feet from the West line of said
Section 6;

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CASE No. 3577
Order No. R-3246

A 345.19-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18, to be dedicated to a well to be drilled on the unit by the applicant at an as yet undetermined standard location;

A 361.64-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30, to be dedicated to a well to be drilled on the unit by the applicant at an as yet undetermined standard location; and

A 375.28-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31, to be dedicated to a well to be drilled on the unit by the applicant at an as yet undetermined standard location.

(3) That the non-standard units are necessary in the subject area due to variations in the legal subdivision of the United States Public Land Surveys.

(4) That each of the proposed non-standard gas proration units is productive of gas.

(5) That each of the proposed non-standard gas proration units can be efficiently and economically drained and developed by the well to which it is to be dedicated.

(6) That approval of the proposed non-standard gas proration units will ensure orderly development of the applicant's San Juan 29-7 Unit Area, will afford the applicant the opportunity to produce its just and equitable share of the gas in the Basin-Dakota Gas Pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard gas proration units in the San Juan 29-7 Unit Area, Township 29 North, Range 7 West, NMPM, Basin-Dakota Gas Pool, Rio Arriba County, New Mexico, are hereby created:

A 327.78-acre non-standard unit comprising the W/2 of Section 6 and the NW/4 of Section 7, to

-3-

CASE No. 3577

Order No. R-3246

be dedicated to the El Paso Natural Gas Company San Juan 29-7 Unit Well No. 100 located 790 feet from the South line and 950 feet from the West line of said Section 6;

A 345.19-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18, to be dedicated to a well to be drilled on the unit by El Paso Natural Gas Company at an as yet undetermined standard location;

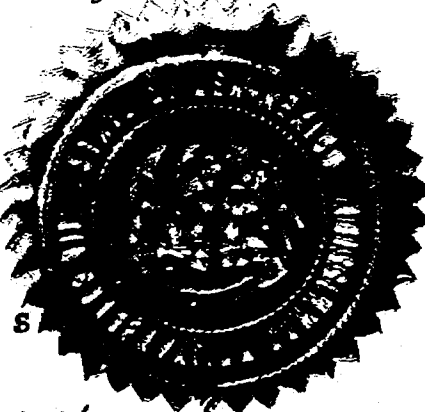
A 361.64-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30, to be dedicated to a well to be drilled on the unit by El Paso Natural Gas Company at an as yet undetermined standard location; and

A 375.28-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31, to be dedicated to a well to be drilled on the unit by El Paso Natural Gas Company at an as yet undetermined standard location.

(2) That the acreage factor for allowable purposes assigned to each of the above-described non-standard gas proration units shall bear the same ratio to the acreage factor for a standard gas proration unit as the acreage in said unit bears to the acreage in a standard gas proration unit in the Basin-Dakota Gas Pool.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Guyton B. Hays
GUYTON B. HAYS, Member

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

ear/

Case 3577

Heard 5-24-67

Rec. 5-25-67

1. Grant El Paso 4. NWU's for Dakota production in their San Juan 28-7 unit.

2. ~~Dr. 377.78~~ As unit describe units as in Advertisement except.

348.19 Unit should be. ~~348.49.~~

361.64 - - - - ~~361.62~~

375.38 - - - - ~~375.34~~

Docket No. 16-67

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 24, 1967

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, Alternate Examiner:

CASE 3572: Application of Jones Exploration Company for a dual completion and for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State Well No. 1 located in Unit H of Section 35, Township 17 South, Range 35 East, Vacuum Field, Lea County, New Mexico, in such a manner as to permit the production of Abo Reef oil through the tubing and the disposal of produced salt water down the casing-tubing annulus into the Paddock formation in the perforated interval from 6955 to 6995 feet.

CASE 3573: Application of Aztec Oil & Gas Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the South Corbin Strawn Oil Pool, including a provision for 160-acre proration units and the establishment of a 4000 to one gas-oil ratio limitation.

CASE 3574: Application of Cima Capitan, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

CASE 3575: Application of Harvey E. Yates for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion of his Stebbins Deep Federal Well No. 1 located in Unit H of Section 30, Township 20 South, Range 29 East, Eddy County, New Mexico, to produce oil from the Scanlon Delaware Oil Pool through one string of tubing and to selectively produce gas from an undesignated Strawn gas pool and from an undesignated Morrow gas pool through another string of tubing. Selective production of one of the two gas zones at a time would be accomplished by means of a sliding side door and tubing plug.

CASE 3576: Application of Jomar Industries, Inc. for water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, has proposed to drill certain wells in the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 of Section 30, Township 18 South, Range 38 East, Lea County, New Mexico, for production of oil from the Ogallala formation. Applicant anticipates that fresh water will be produced from the Ogallala formation incidental to the production of said oil and now seeks authority to dispose of said water back into the Ogallala formation through an injection well or wells to be located no nearer than 330 feet to the outer boundaries of the above-described acreage.

CASE 3577: Application of El Paso Natural Gas Company for four non-standard units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following non-standard gas proration units in Township 29 North, Range 7 West, Basin-Dakota Gas Pool, Rio Arriba County, New Mexico:

A 327.78-acre non-standard unit comprising the W/2 of Section 6 and the NW/4 of Section 7, to be dedicated to the San Juan 29-7 Unit Well No. 100 located 790 feet from the South line and 950 feet from the West line of said Section 6;

A 345.⁴⁷~~19~~-acre non-standard unit comprising the SW/4 of Section 7 and the W/2 of Section 18;

A 361.6²~~4~~-acre non-standard unit comprising the W/2 of Section 19 and the NW/4 of Section 30;

A 375.³⁴~~78~~-acre non-standard unit comprising the SW/4 of Section 30 and the W/2 of Section 31.

Each of the latter three non-standard units will be dedicated to a well to be drilled at an as yet undetermined standard location on the respective unit.

CASE 3578: Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

(Case 3578 continued)

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 of Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 of Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3580: Application of Sunray DX Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg formation through one well located in Unit C of Section 17, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Eddy County, New Mexico.

- CASE 3581: Application of Sunray DX Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation from 4248 feet to 4286 feet in its Harris State Well No. 5 located in Unit I of Section 23, Township 10 South, Range 32 East, Mescalero-San Andres Pool, Lea County, New Mexico.
- CASE 3582: Application of Tenneco Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Blanco-Mesaverde Gas Pool location of its Jicarilla C Well No. 6, located 1780 feet from the North line and 1455 feet from the West line of Section 14, and its Jicarilla C Well No. 4 located 1650 feet from the North and West lines of Section 24, all in Township 26 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 3583: Application of Stoltz & Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the North Bagley-Lower Pennsylvanian Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 3584: Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.
- CASE 3585: Application of Gulf Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the force-pooling of all mineral interests in the North Bagley-Pennsylvanian Oil Field, SW/4 SE/4 and SE/4 SE/4 of Section 9, Township 11 South, Range 33 East, Lea County, New Mexico, to be dedicated to the Lea State "OE" Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the East line of said Section 9.
- CASE 3586: Application of Morris R. Antweil for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Malaga Unit Area comprising 839 acres, more or less, of Federal and Fee lands in Sections 12 and 13, Township 24 South, Range 28 East, and Sections 7 and 18, Township 24 South, Range 29 East, Eddy County, New Mexico.
- CASE 3587: Application of Morris R. Antweil for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Delaware Sand through seven injection wells located in Sections 12 and 13, Township 24 South, Range 28 East, and Section 18, Township 24 South, Range 29 East, Malaga Pool, Eddy County, New Mexico.

- CASE 3588: Application of Pan American Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location in an undesignated Morrow and/or Devonian gas pool for its Poker Lake Unit Federal Well No. 26 at a location 660 feet from the South and East lines of Section 28, Township 24 South, Range 31 East, Eddy County, New Mexico, to be dedicated to a standard unit comprising the S/2 of said Section 28.
- CASE 3589: Application of Claude C. Kennedy for special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special pool rules for the Slick Rock-Dakota Oil Pool comprising the S/2 SE/4 of Section 36, Township 30 North, Range 17 West, including a provision for development on 2 1/2 acre spacing with the provision that each 40-acre tract be subject to the Northwest New Mexico normal unit allowable.
- CASE 3590: Application of Texaco Inc. for a pilot waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project by the injection of water into the Pennsylvanian formation in the interval from 9650 feet to 9800 feet in its State BV Well No. 1 located in Unit E of Section 26, Township 13 South, Range 33 East, Lazy-J Pennsylvanian Pool, Lea County, New Mexico.
- CASE 3591: Application of Anadarko Production Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Langlie-Mattix Penrose Sand Unit Waterflood Project by the injection of water into the Penrose Sand through eight additional injection wells located in Sections 20, 28, 29, 32, and 33, all in Township 22 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico.

El Paso Natural Gas Company

El Paso, Texas 79901

May 1, 1967

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico

Re: San Juan 29-7 Unit
Special Dakota Spacing Units
Rio Arriba County, New Mexico

Gentlemen:

El Paso Natural Gas Company, as Operator of the San Juan 29-7 Unit, hereby requests a hearing before an Examiner in order to present testimony for the establishment of four (4) Dakota Spacing Units along the west side of Township 29 North, Range 7 West, Rio Arriba County, New Mexico.

It is anticipated that these Spacing Units, if approved, will consist of the acreage as outlined on the attached plat. Testimony will be presented to show that these Spacing Units are necessitated by a variation in the legal subdivision and will prevent economic waste and allow for orderly spacing, development and drainage of the Dakota Formation within the San Juan 29-7 Unit.

As a matter of courtesy, we are advising the offset operators and working interest owners of the San Juan 29-7 Unit of our request for this hearing.

It would be appreciated if you would advise the undersigned of the time, date and place for this requested hearing.

Yours very truly,

Robert A. Meyer
ROBERT A. MEYER

RAM:jw
Attachment

cc: Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201

Tenneco Oil Company
Att: Mr. R. E. Siverson
P. O. Box 1714
Durango, Colorado 81302

Pubco Petroleum Corporation
P. O. Box 869
Albuquerque, New Mexico 87103

Skelly Oil Company
Att: Crude Oil & Gas Acctg. Section
P. O. Box 1650
Tulsa, Oklahoma 74102

Case 3577

El Paso Natural Gas Company

El Paso, Texas 79999

May 1, 1967

MAIN OFFICE

67 MAY 3 P.M.

Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico

MAIN OFFICE OF

Case 38-77 67 MAY 3 PM 1 30

Re: San Juan 29-7 Unit
Special Dakota Spacing Units
Rio Arriba County, New Mexico

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As a matter of courtesy, we are advising the offset operators and working interest owners of the San Juan 29-7 Unit of our request for this hearing.

It would be appreciated if you would advise the undersigned of the time, date and place for this requested hearing.

Yours very truly,

Robert A. Meyer

ROBERT A. MEYER

RAM:jw
Attachment

cc: Texaco, Inc.
P. O. Box 2100
Denver, Colorado 80201

Tenneco Oil Company
Att: Mr. R. E. Siverson
P. O. Box 1714
Durango, Colorado 81302

Pubco Petroleum Corporation
P. O. Box 869
Albuquerque, New Mexico 87103

Skelly Oil Company
Att: Crude Oil & Gas Acctg. Section
P. O. Box 1650
Tulsa, Oklahoma 74102

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
EXAMINER HEARING

May 24, 1967

IN THE MATTER OF:)

Application of El Paso Natural)
Gas Company for four non-)
standard units, Rio Arriba)
County, New Mexico.)

Case No. 3577

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The Hearing will come to order. The next case will be 3577.

MR. HATCH: Application of El Paso Natural Gas Company for four non-standard units, Rio Arriba County, New Mexico.

MR. MORRIS: If the Examiner please, I am Dick Morris of Montgomery, Federici and Andrews, Santa Fe, New Mexico, appearing on behalf of the Applicant, El Paso Natural Gas Company. I would like to introduce to the Examiner Mr. Robert A. Meyer, attorney with El Paso Natural Gas Company, who will present the case on behalf of El Paso Natural. Mr. Meyer is a member of the Bar, admitted to practice before the Supreme Court of the United States and the States of Wyoming, Indiana and Ohio.

MR. MEYER: I have one witness to be sworn, Mr. Tom Hollenshead.

(Witness sworn.)

CHARLES T. HOLLENSHEAD

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

DIRECT EXAMINATION

BY MR. MEYER:

- Q State your name and address, please.
- A Charles T. Hollenshead, El Paso, Texas.

Q Where are you employed?

A El Paso Natural Gas Company, Post Office Box 1092, El Paso, Texas.

Q How long have you been so employed and what is your present title with the company?

A I have been employed with the company for a little more than fifteen years. I am presently Staff Geologist with a responsibility to review various reports and help make decisions on company exploration efforts.

Q Have you been qualified to testify before this Commission on any prior occasion?

A Yes, in January 1959.

MR. MEYER: May I move the acceptance of the witness's qualifications?

MR. UTZ: He's qualified.

(Whereupon, Applicant's Exhibit A was marked for identification.)

Q (By Mr. Meyer) We have prepared a map exhibit for the Commission's consideration in this case marked Exhibit A. Will you describe the spacing units for which El Paso is making application, as to size, location and irregularity, and point to these spacing units on the map exhibit and locate the planned locations of the wells, if they are fixed?

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-4671 • ALBUQUERQUE, NEW MEXICO 87101
1400 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

A The western tier of sections in Township 29 North, Range 7 West are smaller than standard 640-acre sections. The western half of these sections varies in size from a minimum of 225.22 acres to a maximum of 251.16 acres. As unit operator, El Paso Natural Gas Company has requested that the Conservation Commission grant four irregular Dakota spacing units. These units are mainly irregular in that each covers the West Half of one section plus an adjoining quarter of another section. The size of these proposed units ranges from a minimum of 327.78 acres to a maximum of 375.28 acres.

One unit has been thus far drilled. This is the McHugh No. 100 San Juan 29-7 Unit Well and is located 790 feet from the South Line and 950 feet from the West Line of Section 6. The remaining three locations have not as yet been made or determined, but will be at standard locations within each unit area.

Q By rules established by this Commission under R-1670-c, requires that under Subsection A, Rule 2, that wells drilled to the Basin Dakota Gas Pool be located no nearer than 790 feet to the boundary line of the proration unit and no nearer than 130 feet to a government quarter-quarter section line. Since the spacing units under consideration are irregular, will any exception be required to this rule of the Commission in order to grant the application?

A No, none. The wells within the drilling units will be at standard locations.

Q Who are the offset operators to these spacing units?

A Texaco, Tenneco, Pubco and Skelly.

Q Have they been notified of this proceeding?

A Yes, by letter and by Commission publication.

Q Have you received any objection from any of them?

A No.

Q Have the working interest owners within the unit been notified?

A Yes, all working interest owners within the unit have been notified.

Q Have you received any objection from any of them?

A No objections have been received.

Q Is it your opinion that the application be granted so as to prevent waste and protect correlative rights?

A Yes. These will be prevented by necessitating the drilling of only four wells instead of six and by establishing a manner of orderly development in that each well within each unit will be drilled at a standard location.

Q Therefore, it is your contention that the variation in location of wells on these spacing units will allow for orderly spacing, development and drainage of the Dakota Formation within the San Juan 29-7 Unit?

A Yes.

MR. MEYER: At this time I would like to move the admission of El Paso's Exhibit A into evidence.

Q (By Mr. Meyer) Was this map prepared by you or under your supervision?

A Yes.

MR. MEYER: That's all I have.

MR. UTZ: Without objection, Exhibit A to this case will be entered into the record.

(Whereupon, Applicant's Exhibit A was offered and admitted in evidence.)

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Hollenshead, have you made an attempt to divide this up into five units rather than four, and if so, how much acreage would each unit have had?

A No, sir, that has not been attempted.

Q Would it be closer to the 320-acre spacing, do you think?

A Let's see. Let me see how many total acres we have here.

Q I note that some of them are pretty high, 375, 360 acres.

A Into five, let's see, that would be around 280 acres,

approximately. A little over 280 acres per drilling unit, based on five. Based on four it ranged from 327.78 to 375.28.

MR. UTZ: Are there any other questions of the witness? He may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case? The case will be taken under advisement.

I N D E X

<u>WITNESS</u>		<u>PAGE</u>
CHARLES T. HOLLENSHEAD		
Direct Examination by Mr. Meyer		2
Cross Examination by Mr. Utz		6
<u>EXHIBIT</u>	<u>MARKED</u>	<u>OFFERED AND ADMITTED</u>
Applicant's Exhibit A	3	6

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

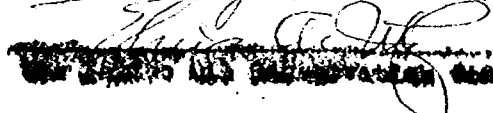
Witness my Hand and Seal this 27th day of June, 1967.


NOTARY PUBLIC

My Commission Expires:

June 19, 1971.

I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3577, dated June 28, 1967.

 , Notary
Public in and for the County of Bernalillo, State of New Mexico