

Case No.

1591

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1591

TRANSCRIPT OF HEARING

DEARNLEY . MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

February 4, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Application of Angels Peak Oil Company for
the assignment of minimum allowables to two
gas wells in the Fulcher Kutz-Pictured Cliffs
Gas Pool, San Juan County, New Mexico. Ap-
plicant, in the above-styled cause, seeks an
order assigning minimum allowables to two gas
wells in the Fulcher Kutz-Pictured Cliffs Gas
Pool in order to prevent premature abandon-
ment thereof, said wells being applicant's
Angels Peak Well No. 3 located 595 feet from
the North line and 1240 feet from the East
line of Section 11 and Angels Peak Well No.
5 located 285 feet from the North line and
1520 feet from the West line of Section 11,
both in Township 28 North, Range 11 West,
San Juan County, New Mexico.

Case No.
1591

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 1519.

MR. PAYNE: Application of Angels Peak Oil Company
for the assignment of minimum allowables to two gas wells in the
Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New
Mexico.

MR. VERITY: Mr. George Verity, appearing for Angels
Peak Oil Company.

May it please the Examiner, this is an application for a special allowable for two wells drilled in the Fulcher Kutz-Pictured Cliffs formation, which wells were drilled prior to June 22nd, 1946, the time at which the present formula and field rules were set, which spaced this pool on 100-acres.

The two wells for which we are asking special allowable are the Angels Peak No. 3, located in Section 11 of 28 North, 11 West, and Angels Peak No. 5, located in the same section. Both of these wells are on an irregular shaped tract in that they are not in a regularly divided subdivision of 640-acres. No. 3 has 48.33 acres; No. 5, 49.15 acres attributed to it. With the acreage attribution factor that is given to formulating the allowable for these wells, or the monthly allocation of these wells, the allocation comes out so small that the applicant finds that it is impossible to continue to operate these wells economically, and they are going to be abandoned unless a special allowable takes into consideration that they were lawfully drilled on this size tract at the time they were drilled and that oil and gas will be left in place and wasted. Granting a special allowable, that will permit them to be continued.

I would like to call, after that introduction, Mr. Paul Clote as a witness.

(Witness sworn.)

MR. UTZ: Are there other appearances in this case? If not, you may proceed.

PAUL J. CLOTE, a witness called by and on behalf of the Applicant, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY: MR. VERITY:

Q Will you state your name, please?

A Paul J. Clote.

Q Mr. Clote, what is your educational background?

A I have a BS degree in petroleum engineering from Tulsa University.

Q Have you testified before this Commission heretofore as an expert petroleum engineer?

A I have.

MR. VERITY: We submit that this witness is qualified as an expert.

MR. UTZ: His qualifications are acceptable.

Q (By Mr. Verity) Mr. Clote, are you familiar with the Angels Peak Oil Company's No. 3 well located 595 feet from the North line and 1240 feet from the East line of Section 11, 28 North, 11 West?

A I am.

Q Are you also familiar with Angels Peak's No. 5 well located 280 feet from the North line and 1520 feet from the West line in Section 11, 28 North, 11 West?

A I am.

Q Mr. Clove, I hand you what the Reporter has marked Exhibit 1. Will you tell us what it is, please.

A This is a plat showing the locations of Angel Peak Well 3 and 5.

Q I notice that they are both within the same marked land lines there, without a dividing line. Is the acreage allocated to No. 3 the W/2 of that long rectangular tract?

A It is the north -- or the east part of that Section, which consists of 48.33 acres allocated to Well No. 3, and Well No. 5 has an allocation of 49.15 acres.

Q Being roughly the W/2 of that tract?

A That's correct.

Q Do you know when these wells were drilled and completed?

A These were drilled in 1930, December 20th of 1930, Well No. 5 was completed; Well No. 3 was completed March 19th, of 1930.

Q Does this plat reflect that the only offset operators to this lease are Aztec Oil and Gas Company, Congress Oil Company, and Summit Oil Company?

A That is correct.

Q And Angels Peak, of course.

A Yes.

Q Had you made inquiry from the records of Angels Peak as to what it would cost them to operate these gas wells?

A These wells will normally run around seventy-five dollars a month per well.

Q Is it your experience as a production engineer, or let me ask you this, have you had experience producing gas wells in this area?

A I have.

Q By virtue of that experience, are you familiar with the cost of producing --

A Yes, I am.

Q Do you think that that seventy-five dollars is a figure that is encountered in the area generally?

A I believe that's a fairly approximate figure for wells in the area.

MR. VERITY: We offer in evidence Exhibit 1.

MF UTZ: Without objection, Exhibit 1 will be received.

Q (By Mr. Verity) Mr. Clote, I had you what the Reporter has marked Exhibit No. 2 consisting of two sheets. Will you please tell us what that is?

A This is a list indicating the production and allowable on the Angels Peak Well 3 and 5. It is shown for January through December for 1958 in both cases.

Q What was the allocation for these wells, for No. 3 in September of 1958?

A The allowable was 268,000 cubic feet for the month.

Q For the month. And on No. 5?

A During the month of September, it was 276,000 cubic feet.

Q And what was the highest. This Exhibit reflects from January through December, does it not, '56?

A Yes.

Q What was the highest allowable you had on No. 3 during that year?

A During November, an allowable of 452,000 cubic feet.

Q And on No. 5?

A On No. 5, it was 903,000 feet, also during the month of November.

Q What was your total allocation on each of the two wells for the year?

A Total, 8,485,000 cubic feet on the Angels Peak No. 3, and the Angels Peak No. 5 we had 8,924,000 cubic feet for the year.

Q That's considerably less than a million a month?

A That's correct.

Q What was your actual production from these two wells?

A Actual production during the year, 4,905,000 cubic feet, and from --

Q And from No. 5?

A 3,330,000 cubic feet.

Q Was that production less than the allocation because these wells are incapable of making it, or for other reasons?

A For other reasons.

Q Do you know what the deliverability of these wells is?

A Angels Peak No. 4 has a deliverability of 240,000 cubic feet per day. Angel Peak No. 5 has a deliverability of 203,000 cubic feet per day.

Q Can either of these wells be continued to be operated economically on a continued allocation similar to which they have had in the past?

A No, they cannot.

Q Is the company losing money on the operation of these wells at the present time, Angels Peak?

A I feel that they are.

Q If it is necessary to abandon these wells by virtue of the insufficient allocation, in your opinion, will gas under these locations be recovered?

A No, it will not.

Q In your opinion then, will it commit waste if the allocation is continued on its present basis?

A That is correct.

Q Mr. Clote, in your opinion, would it be economically sound and feasible for Angels Peak Oil Company to continue to produced these wells if they were granted a special allowable of a million and a half barrels a month?

A It would.

Q And can both of them make that allowable?

A Both wells are capable of making the allowable.

MR. VERITY: Your Honor, I would like to request that

the Commission take judicial knowledge of the fact that Order No. R-1212 was entered in Cause No. 1061 granting an allowable to nine wells in this same pool, special allowable of a million and a half barrels because of the same factors there as here. that we would have, they were not economically sound to continue operating because of the acreage attribution reduction, and also Order No. R-1280 that was entered in Case 1535 to the same effect. I believe that Aztec Oil and Gas Company, who the Commissioner will remember was one of the offset operators, has written the Commission under date of January 28 with regard to the application stating that they have no objection to the entry of this order. I would like to submit to the Commission a letter from Congress Oil Company stating that they do not object, and also a letter from Summit Oil Company granting their permission.

MR. UTZ: Would you like to introduce these two letters into evidence?

MR. VERITY: Yes, I would like to off these two letters in evidence, and also, if the Commission please, an original copy of the letter from Aztec.

That's all we have, Your Honor.

MR. UTZ: Without objection, Exhibit 2, 3, and 4 will be accepted. Are there any questions of the witness?

MR. PAYNE: Yes.

MR. UTZ: Mr. Payne.

CROSS EXAMINATION

BY: MR. PAYNE:

Q Could you tell me the status of the acreage in Section 10 insofar as the Fulcher Kutz-Pictured Cliffs gas pool is concerned?

A I believe the acreage in Section 10 has not been dedicated to any drilling.

Q Do you know if this acreage is within the horizontal limits of the Fulcher Kutz-Pictured Cliffs Gas Pool?

A I believe it is.

Q What acreage is dedicated to Well No. 18 in Section 12?

A I believe it's the W/2 of that section, which would be, I would say, approximately 105 acres, something on that order.

Q Do you know when this No. 18 Well was drilled?

A No, sir, I do not.

Q What I am trying to get at, was it drilled before 160-acre spacing was in effect?

A I believe it may have been, that was prior to my time with the company.

Q Now, how about the No. 17 Well in Section 13, do you know what acreage is dedicated to that well?

A I believe it is 160-acres, the NW/4 of that section.

Q Now, is the S/2 of the E/2, I believe you said it is the S/2 of the E/2 of Section 10, that is not dedicated to any well in the Fulcher Kutz at the present time?

A I don't believe it is, no, sir.

Q What allowable do you consider necessary to prevent the premature abandonment of these two wells?

A Minimum allowable, 1,500.00 per month would be adequate.

Q Would both of these wells make that?

A Yes, sir, they would.

Q Now, to your knowledge, have both of these wells paid out?

A Yes, sir, they have.

MR. PAYNE: That's all, thank you.

MR. UTZ: Off the record.

(Discussion off the record.)

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

MR. PAYNE: Yes, I would like to ask one other question.

CROSS EXAMINATION (continued)

BY: MR. PAYNE:

Q Mr. Clote, why can't you dedicate the N/2 of the E/2 of Section 10 to the No. 5 Well?

A We could do that.

Q And also perhaps the entire W/2?

A Unless it is already dedicated, but to my knowledge, it is not.

Q Have you attempted to work out an agreement with Aztec Oil and Gas Company as to the S/2 of the E/2 of Section 10?

A No, we have not.

MR. VERITY: I believe, Your Honor, that the order doesn't allow you to cross the section line.

MR. PAYNE: It does after notice and hearing. That's all.

EXAMINATION BY MR. UTZ:

Q How much acreage, Mr. Clote, would it take in order to bring your well up to fifteen hundred MCF a month, do you have an estimate in that matter?

A Possibly it would take an additional 60 to 70 acres, I would imagine.

Q I think that's about right. Actually, you have the acreage to the west of this well, do you not, on the No. 5?

A Yes, we do.

Q However the S/2 of Section 10, partially, is already dedicated to the No. 4, is that correct?

A That is correct.

Q Section 11 instead of 10. Are there any other questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: The case will be taken under advisement.

MR. PAYNE: Mr. Examiner, we received a statement here from Pan American Petroleum Corporation in regard to this case which states as follows:

"Pan American Petroleum Corporation wishes to enter a

statement in Case 1591 which is scheduled to be heard at the February 4, 1959 Examiner Hearing. We request that the following statement be read in the record of this case:

Pan American Petroleum Corporation is operator of approximately 44 wells in the Fulcher Kutz-Pictured Cliffs Pool. We recognize that under certain circumstances increased allowables may be necessary for economic reasons to prevent premature abandonment of certain wells which were drilled on short spacing prior to June 22, 1948. Pan American is opposed to the granting of any increased allowables for these wells if other wells were drilled after that time in the same immediate vicinity at locations which would preclude the assignment of additional acreage to form standard size units for the previously existing wells. We also oppose the granting of increased allowables if additional acreage can be assigned to these wells and no valid attempt has been made to do so. We further believe that increased allowables should only be granted for wells that would qualify under the provisions of the Statutes after examining the economic factors concerning each individual well and then only in the amount necessary to prevent premature abandonment.

Very truly yours, Alex Clarke, Jr.

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

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

ss

I, Joseph A. Trojillo, 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 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 7th day of February, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trojillo
Notary Public

My Commission Expires;

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examined hearing of Case No. 1581 heard by me on *Feb 4*, 1959.

Christ H. [Signature], Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

BEST AVAILABLE COPY

ADJ. DIST. CLERK

February 13, 1959

Mr. Geo. Verity
211 East Broadway
Farmington, New Mexico

Dear Mr. Verity:

On behalf of your client, Angels Peak Oil Company, we enclose two copies of Order R-1334 issued February 12, 1959, by the Oil Conservation Commission in Case 1591, which was heard on February 4th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

Order mailed to
Alex Clarke, Jr.
Pan American
2-13-59
BT

January 27, 1959

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Application of Angels Peak Oil Company
for an Order granting special minimum
allowables for certain wells in the
Fulcher-Kutz-Pictured Cliffs Pool,
San Juan County, New Mexico, in exception
to the rules and regulations for said pool

Gentlemen:

Congress Oil Company states that it has been furnished a copy of the Application of Angels Peak Oil Company dated January 8, 1959 directed to your Commission and requesting the granting of a special minimum allowable applicable to its Angels Peak No. 3 and Angels Peak No. 5 wells in exception to the rules and regulations for the Fulcher-Kutz-Pictured Cliff Pool in San Juan County, New Mexico.

You are advised that Congress Oil Company, as the owner of production from acreage offsetting the wells made the subject of the Angels Peak Oil Company application, has no objection to the granting by the Commission of the Angels Peak Oil Company application.

CONGRESS OIL COMPANY

By *J. C. [Signature]*
Vice President

wsj

Angels Pk.

1581

4

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG.

DALLAS 1, TEXAS

January 28, 1959

AIR MAIL

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

RECEIVED COPY

Attention Mr. A. L. Porter, Jr.,
Secretary-Director

Re: Application of Angels Peak Oil Co.
for Order Granting Special Minimum
Allowables for Certain Wells in
Fulcher-Kutz Pictured Cliffs Pool,
San Juan County, New Mexico, in
Exception to Rules and Regulations
for Said Pool.

Gentlemen:

Angels Peak Oil Company has furnished us a copy of its subject application, dated January 8, 1959, to the Commission, concerning special minimum allowable for its No. 3 and No. 5 Wells in San Juan County, New Mexico.

As an owner of offsetting acreage, Aztec Oil & Gas Company has no objection to the granting by the Commission of the application of Angels Peak Oil Company so long as the Commission's order provides that the special minimum allowable assigned to the wells is equal to their capacity to produce or 1500 mcf per month, whichever is less.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Quilman E. Davis
Quilman E. Davis,
Secretary and General Attorney

QED:NL

cc - Angels Peak Oil Company

ANGEL PEAK #5 1957
Based on Acreage Factor .31

APPROXIMATELY 11.02

<u>MONTHS</u>	<u>PRODUCTION</u>	<u>ALLOWABLE</u>	<u>DAYS ON</u>
JANUARY	4,990	1,277	29
FEBRUARY	1,616	813	10
MARCH	1,047	1,227	7
APRIL	3,942	817	24
MAY	0	775	0
JUNE	0	817	0
JULY	0	719	0
AUGUST	0	572	0
SEPTEMBER	0	791	0
OCTOBER	0	705	0
NOVEMBER	0	864	0
DECEMBER	<u>0</u>	<u>1,300</u>	<u>0</u>
	11,595	10,707	70

[Handwritten signature]

ANGEL PEAK #3 1956
Based on Acreage Factor .30

<u>MONTHS</u>	<u>PRODUCTION</u>	<u>ALLOWABLE</u>	<u>DAYS ON</u>
JANUARY	4,031	1,757	31
FEBRUARY	3,734	833	29
MARCH	2,387	1,041	27
APRIL	0	1,357	0
MAY	0	1,485	0
JUNE	0	1,637	0
JULY	664	1,084	16
AUGUST	0	824	0
SEPTEMBER	1,015	448	5
OCTOBER	2,847	1,068	16
NOVEMBER	0	2,401	0
DECEMBER	<u>104</u>	<u>1,352</u>	<u>1</u>
	14,792	30,079	125

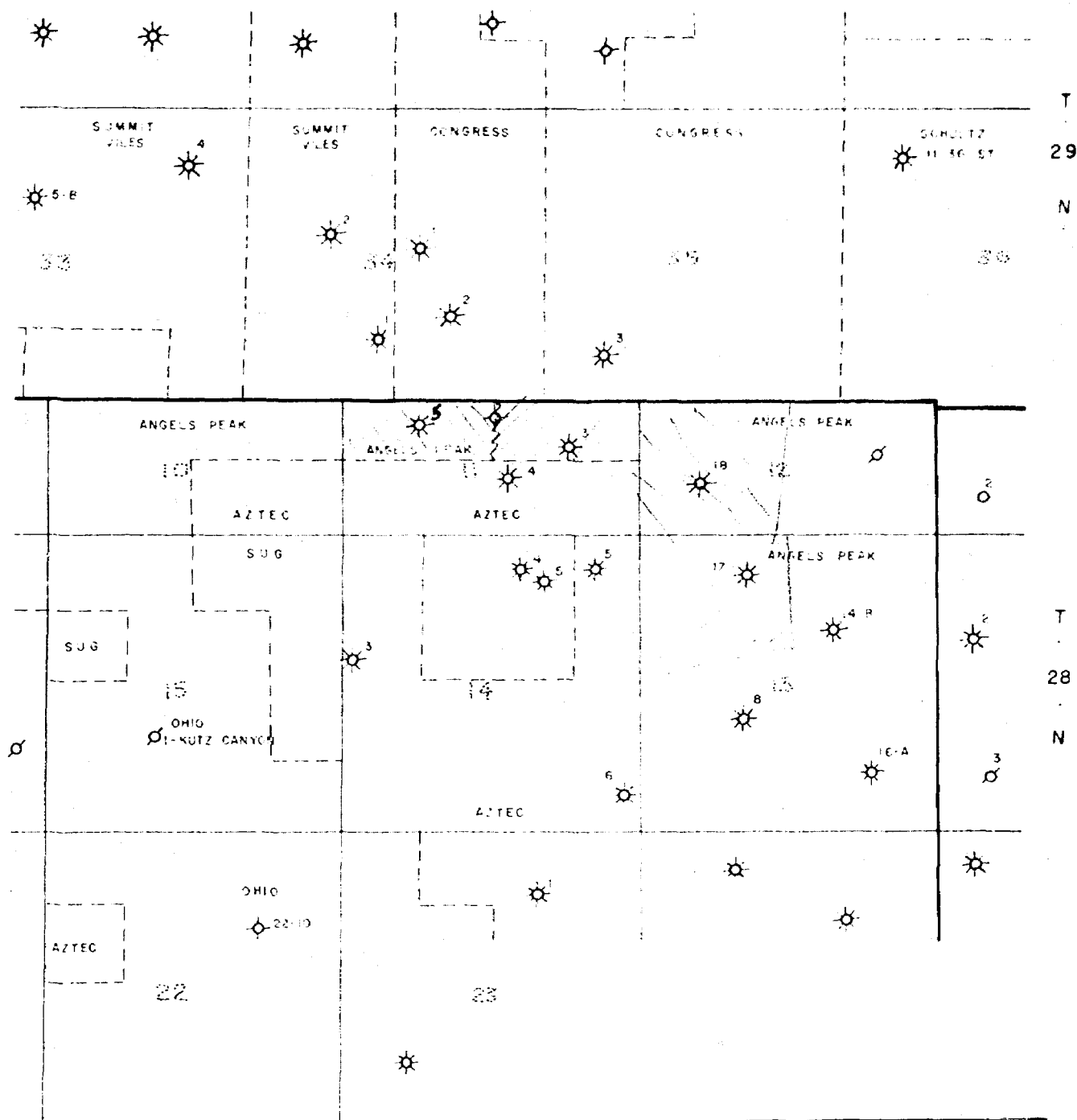
<u>MONTHS</u>	<u>PRODUCTION</u>	<u>.30 Acreage Factor ALLOWABLE</u>	<u>DAYS ON</u>	<u>1.00 Acreage ALLOWABLE Factor</u>
JANUARY	0	940	0	3,128
FEBRUARY	0	630	0	2,104
MARCH	0	764	0	2,555
APRIL	1,320	900	17	3,007
MAY	1,155	750	6	2,506
JUNE	0	791	0	2,632
JULY	0	486	0	1,625
AUGUST	0	523	0	1,746
SEPTEMBER	0	268	0	895
OCTOBER	0	578	0	1,934
NOVEMBER	1,990	952	17	3,180
DECEMBER	0	903	0	3,018
	4,965	8,485	40	28,330

R. 3.3 D & E

DEACT EXAMINER UTZ
CHECKED BY <i>Angel Peak</i>
FILE NO. <u>2</u>
CASE NO. <u>1591</u>

<u>MONTHS</u>	<u>PRODUCTION</u>	<u>.31 Acreage Factor</u> <u>ALLOWABLE</u>	<u>DAYS ON</u>	<u>1.00 Acreage</u> <u>ALLOWABLE</u> Factor
JANUARY	0	1,131	0	3,611
FEBRUARY	0	650	0	2,096
MARCH	0	920	0	2,545
APRIL	1,961	930	17	2,996
MAY	1,269	775	6	2,497
JUNE	0	817	0	2,462
JULY	0	502	0	1,619
AUGUST	0	540	0	1,710
SEPTEMBER	0	276	0	891
OCTOBER	0	597	0	1,923
NOVEMBER	0	983	0	3,167
DECEMBER	0	933	0	3,007
	3,230	8,924	23	28,587

BURTON W. HANMER UTX
 CR
 Angel Peak 2
 1591



ANGELS PEAK
OIL COMPANY
EXHIBIT

DEPOSE EXAMINER UTZ
CE CO. LANDS IN SECTION
Angels Peak Oil Co. 1
CASE NO. 1591

**ANGELS PEAK OIL COMPANY
CONGRESS OIL COMPANY
SUMMIT OIL COMPANY**

**BURT BUILDING
DALLAS 1, TEXAS**

January 27, 1959

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: Application of Angels Peak Oil Company
for an Order granting special minimum
allowables for certain wells in the
Fulcher-Kutz-Pictured Cliffs Pool,
San Juan County, New Mexico, in exception
to the rules and regulations for said pool

Gentlemen:

Summit Oil Company states that it has been furnished a copy of the Application of Angels Peak Oil Company dated January 8, 1959 directed to your Commission and requesting the granting of a special minimum allowable applicable to its Angels Peak No. 3 and Angels Peak No. 5 wells in exception to the rules and regulations for the Fulcher-Kutz-Pictured Cliff Pool in San Juan County, New Mexico.

You are advised that Summit Oil Company, as the owner of production from acreage offsetting the wells made the subject of the Angels Peak Oil Company application, has no objection to the granting by the Commission of the Angels Peak Oil Company application.

SUMMIT OIL COMPANY

By

[Signature]
Vice-President

1057

BEFORE EXAMINER UTZ
OF NEW MEXICO OIL CONSERVATION
Angel Peak Oil Co. NO. <u>3</u>
CASE NO. <u>1591</u>

ANGELS PEAK OIL COMPANY

CONGRESS OIL COMPANY

SUMMIT OIL COMPANY

SURT BUILDING

DALLAS 1, TEXAS

January 8, 1959

Feb 8/59

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Application of Angels Peak Oil Company
for an Order granting special minimum
allowables for certain wells in the
Fulcher-Kutz-Pictured Cliffs Pool,
San Juan County, New Mexico, in exception
to the rules and regulations for said pool

Gentlemen:

Angels Peak Oil Company (herein referred to as "Applicant") hereby submits its Application, in triplicate, for an Order granting special allowables for certain wells in the Fulcher-Kutz-Pictured Cliffs Pool, San Juan County, New Mexico, in exception to Rule 9 of Order No. R-565-C, as amended by Order No. R-967, which rule governs the gas allocation formula for such pool. In support of this Application Applicant respectfully states and shows the following:

1.

Applicant is the owner and operator of natural gas wells capable of producing natural gas from the Fulcher-Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, as follows:

<u>Well Name</u>	<u>Location</u>	<u>Designated Unit</u>	<u>No. of Acres</u>
Angels Peak No. 3	595 ft. from N and 1240 ft. from E lines of Sec. 11, T-28N, R-11W	T-28N, R-11W Sec. 11: N $\frac{1}{2}$ of E $\frac{1}{2}$	48.33
Angels Peak No. 5	285 ft. from N and 1520 ft. from W lines of Sec. 11, T-28N, R-11W	T-28N, R-11W Sec. 11: N $\frac{1}{2}$ of W $\frac{1}{2}$	49.15

*1-22-59
Docket mailed
B P*

January 8, 1959

2.

The Angels Peak No. 3 well was completed on March 19, 1930 and the Angels Peak No. 5 well was completed on December 23, 1930, the time of both such completions being prior to the entry of Order No. 748 on June 22, 1948, changing the drilling and spacing units for gas wells, in the area involved in this application, from 40 to 160 acres. At the time the above described wells were drilled it was legal and customary to drill such wells upon 40 acre tracts. Existing well location prevents the dedication of additional acreage to the above wells.

3.

Allowable production is allocated to the above wells under Rule 9 of Order No. R-565-C as amended by Order No. R-967, which rule does not contain a provision for a minimum allowable to prevent premature abandonment of wells. The assignment of a minimum allowable in excess of that allocable to the above wells under existing rules is necessary to prevent premature abandonment of such wells and resulting waste growing out of the loss of otherwise recoverable gas.

4.

Applicant submits that the failure of the existing rules to make provision for a minimum allowable to prevent premature abandonment of wells is prejudicial to Applicant's interest and that the Commission should not penalize Applicant through application of the acreage attribution factor in the proration formula since the subject wells were drilled prior to establishment of the present 160 acre spacing. Under the equitable relief provided in Article 65-3-14 New Mexico Stat. 1953 Anno., Applicant is entitled to an exception to Rule 9 of Order No. R-565-C, as amended by Order No. R-967, allowing Applicant a minimum allowable for each of the above described wells in order to prevent premature abandonment thereof and resulting waste.

5.

Applicant requests that the hearing on this application be conducted before an Examiner designated by the Commission.

6.

Attached hereto as Exhibit "A" is, to the best of Applicant's knowledge, a list of the names and addresses of all parties owning oil and gas leases which offset the above described wells.

January 8, 1959

WHEREFORE, Angels Peak Oil Company respectfully requests that an Examiner Hearing at Santa Fe, New Mexico, be set at as early a date as possible, that due notice thereof be given in accordance with the laws of the State of New Mexico and the rules and regulations of the Oil Conservation Commission and that upon such hearing each of the above described wells be assigned a minimum allowable in exception to Rule 9 of Order No. R-565-C, as amended by Order No. R-967.

Respectfully submitted,

ANGELS PEAK OIL COMPANY

By William S. Jameson
Its Attorney

STATE OF TEXAS)
)
COUNTY OF DALLAS)

William S. Jameson being first duly sworn states that he is attorney for Angels Peak Oil Company, Applicant in the foregoing Application; that he has read said Application, and to the best of his knowledge, information and belief, all statements of fact contained therein are true and correct.

William S. Jameson
William S. Jameson

Sworn to and subscribed before me, the undersigned authority, on this the 8th day of January, 1959.

Genevalois Gregory
Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1959

EXHIBIT "A"

Operators owning offset acreage:

1. Aztec Oil & Gas Company
920 Mercantile Securities Building
Dallas 1, Texas
2. Congress Oil Company
Burt Building
Dallas 1, Texas
3. Summit Oil Company
Burt Building
Dallas 1, Texas
4. Angels Peak Oil Company
Burt Building
Dallas 1, Texas

SUPPLEMENTAL DOCKET: EXAMINER HEARING FEBRUARY 4, 1959

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM.

The following case will be heard before Elvis A. Utz, Examiner:

CASE 1595: Application of John J. Dempsey Associates for the assignment of a minimum allowable to one gas well in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order assigning a minimum allowable to one gas well in the Fulcher Kutz-Pictured Cliffs Gas Pool in order to prevent premature abandonment thereof, said well being the Hutchison Well No. 1 located 660 feet from the North line and 635 feet from the East line of Section 1, Township 29 North, Range 13 West, San Juan County, New Mexico.

DOCKET: EXAMINER HEARING FEBRUARY 4, 1959OIL CONSERVATION COMMISSION 9 a.m., Mabry Hall, State Capitol, SANTA FE

The following cases will be heard before ELVIS A. UTZ, Examiner:

- CASE 1587: Application of Cabot Carbon Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its J. L. Reed Well No. 2 located 660 feet from the North and East lines of Section 35, Township 13 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the King-Wolfcamp Pool and King-Devonian Pool through parallel strings of 1½" tubing.
- CASE 1588: Application of Atlantic Refining Company to commingle the production from several separate oil pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the production from the Ellenburger, McKee, Fusselman, Montoya, Blinebry, Drinkard, and Queen formations on its State "Y" Lease comprising the N/2 NE/4 and the SE/4 NE/4 of Section 25, Township 25 South, Range 37 East, Lea County, New Mexico. Applicant proposes to separately meter the production from each formation except the Queen prior to being commingled.
- CASE 1589: Application of Humble Oil & Refining Company for an exception to Rule 16 of Order R-586 and for an exception to Rule 303 of the Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order permitting the classification of a 48-degree gravity oil well as a gas well in the Tubb Gas Pool, said well being its dually completed State "V" Well No. 11 located in the NE/4 SW/4 of Section 10, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant further seeks permission to commingle the liquid hydrocarbons produced from the Tubb zone of said State "V" Well No. 11 with Tubb oil produced from its State "V" Well No. 7 located in the SE/4 SW/4 of said Section 10. Applicant further seeks permission to commingle the Blinebry condensate produced from said State "V" Well No. 11 with the Blinebry oil produced from its State "V" Well No. 1 located in the SW/4 SW/4 of said Section 10.
- CASE 1590: Application of Rex Moore for an order authorizing a gas injection project in San Juan County, New Mexico, and for the promulgation of special rules and regulations in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing it to inject gas into the Gallup formation of the Bisti-Lower Gallup Oil Pool through its Scott No. 5 Well located 2115 feet from the South line and 2080 feet from the West line of Section 3, Township 24 North, Range 10 West, San Juan County, New Mexico. Applicant further proposes that special rules and regulations be promulgated to govern the above-described project, which rules would provide for the transfer of the allowable from the injection well to producing wells, transfer of allowables from wells which have

been shut-in for observation or to increase the efficiency of the project, operation of the wells on a net gas-oil ratio basis giving allowance for gas injected, and such other rules and regulations as the Commission deems necessary.

CASE 1591:

Application of Angels Peak Oil Company for the assignment of minimum allowables to two gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order assigning minimum allowables to two gas wells in the Fulcher Kutz-Pictured Cliffs Gas Pool in order to prevent premature abandonment thereof, said wells being applicant's Angels Peak Well No. 3 located 595 feet from the North line and 1240 feet from the East line of Section 11 and Angels Peak Well No. 5 located 285 feet from the North line and 1520 feet from the West line of Section 11, both in Township 28 North, Range 11 West, San Juan County, New Mexico.

CASE 1592:

Application of Amerada Petroleum Corporation for an order extending the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order extending the horizontal limits of the Bagley-Upper Pennsylvanian Gas Pool to include the E/2 of Section 33, and the NW/4 of Section 34, all in Township 11 South, Range 33 East, Lea County, New Mexico. Applicant further seeks the establishment of a 320-acre non-standard gas proration unit in said pool consisting of the NE/4 of said Section 33, and the NW/4 of said Section 34, to be dedicated to the applicant's State BT "M" No. 2 Well located in the SE/4 NE/4 of said Section 33.

CASE 1593:

Application of The Texas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 241-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 of Section 5, Township 20 South, Range 37 East, and the S/2 SE/4 of Section 32, Township 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. W. Cooper Well No. 5 located 1668 feet from the North line and 1650 feet from the East line of said Section 5.

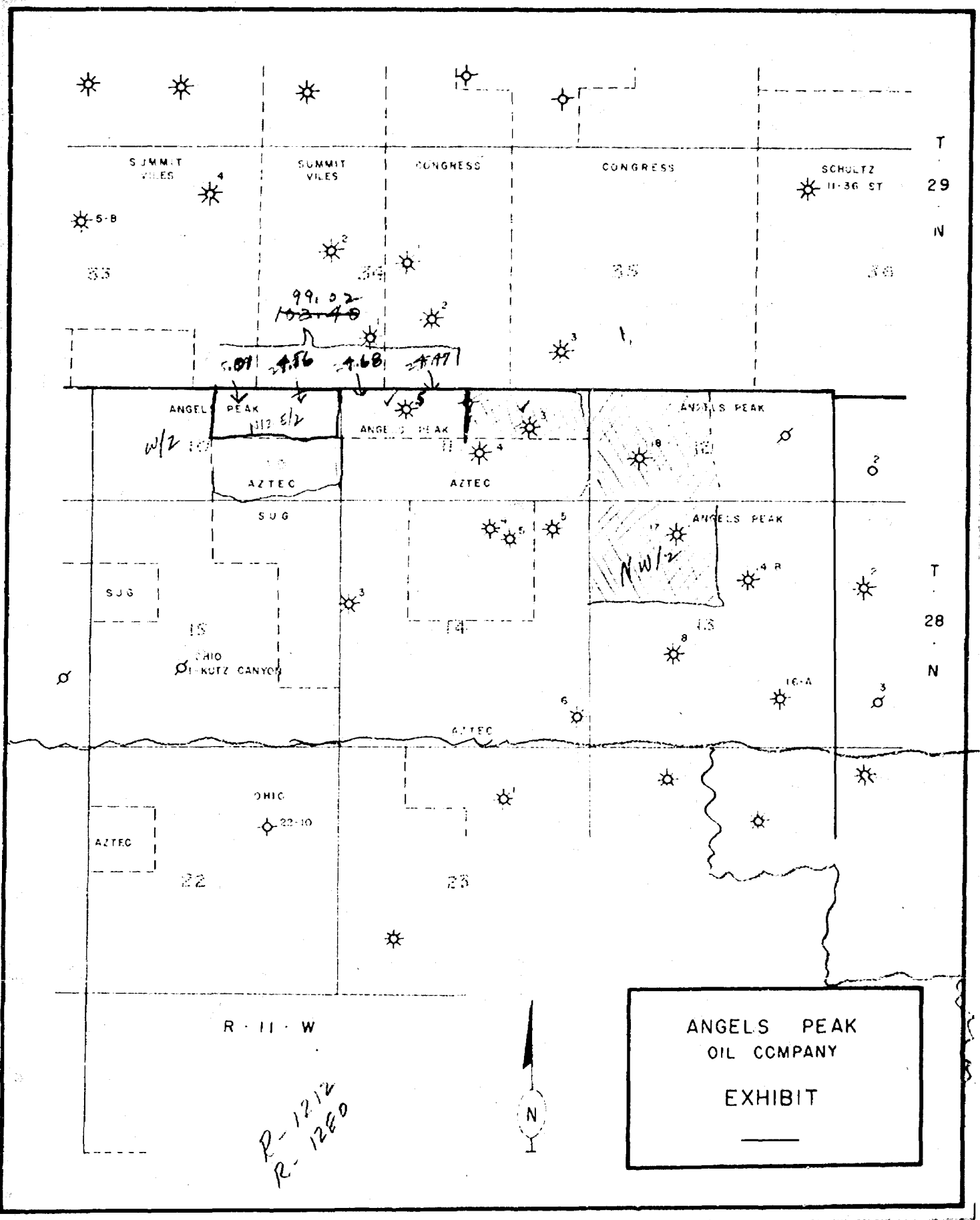
CASE 1196:

Application of The Ibex Company for permission to expand its water flood project in the Artesia Pool, Eddy County, New Mexico, and for eight unorthodox well locations. Applicant, in the above-styled cause, seeks an order permitting the expansion of its Artesia Water Flood Project No. 2, authorized by Order No. R-966 in the Artesia Pool, Eddy County, New Mexico, to convert to water injection a well in the NW/4 NW/4 of Section 28 and a well in the SW/4 NE/4 of Section 28, both in Township 18 South, Range 28 East. Applicant further seeks approval of eight unorthodox well locations in Sections 21 and 28 of the aforementioned township.

CASE 1594: Application of The Ibox Company for permission to install three separate lease automatic custody transfer systems. Applicant, in the above-styled cause, seeks an order authorizing it to install three separate lease automatic custody transfer systems, one on its Welch Duke State Lease, one on its Resler Yates State Lease and the other on its McNutt State Lease, all in the Artesia Field, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. Applicant further seeks permission to consolidate multiple tank batteries on said Resler Yates State Lease in exception to Rule 309 of the Commission Rules and Regulations.

CONTINUED CASE

CASE 1573: Application of Southwestern, Inc. Oil Well Servicing for permission to make a "slim hole" completion. Applicant, in the above-styled cause, seeks an order authorizing it to utilize the "slim hole" method of completion for a well located in the SE/4 NW/4 Section 32, Township 16 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico. Applicant proposes to utilize 2½ inch tubing as a substitute for casing in the above-described well.



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ANGELS PEAK
OIL COMPANY
EXHIBIT

WELL LOCATION: UNIT LETTER K S. 11 T. W. P. 28 RANGE 11

PURCHASER SV[illegible]

11 T.W.P. 28

[illegible]

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-4-59

CASE NO. 1591

HEARING DATE 2-4-59

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

1. Denie Premature abandonment allowable for Angel's Peak - A.P. #5 on the grounds that they have sufficient ~~own~~ acreage in sec. 10-28N-11W to dedicate to this well to bring the allowable up to 1500 or over.
2. approve 1500 M.C.P./Mo. P. A. allowable for Angel's Peak #3 since all adjacent acreage is dedicated to other wells.
3. Pattern order after R-1280.

Thos. A. White

Staff Member

Case 1591

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

AUX CLARKE, JR.
DIVISION ENGINEER

FORT WORTH, TEXAS

January 30, 1959

File: GKK-3043-936.510.1

Subject: NMCCC Case 1591
Minimum Allowables
Fulcher Kutz Pictured Cliffs
FieldNew Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

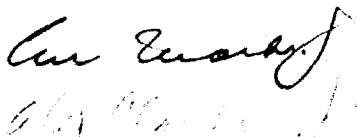
Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Pan American Petroleum Corporation wishes to enter a statement in Case 1591 which is scheduled to be heard at the February 4, 1959 Examiner Hearing. We request that the following statement be read into the record of this case:

Pan American Petroleum Corporation is operator of approximately 44 wells in the Fulcher Kutz Pictured Cliffs Pool. We recognize that under certain circumstances increased allowables may be necessary for economic reasons to prevent premature abandonment of certain wells which were drilled on short spacing prior to June 22, 1948. Pan American is opposed to the granting of any increased allowables for these wells if other wells were drilled after that time in the same immediate vicinity at locations which would preclude the assignment of additional acreage to form standard size units for the previously existing wells. We also oppose the granting of increased allowables if additional acreage can be assigned to these wells and no valid attempt has been made to do so. We further believe that increased allowables should only be granted for wells that would qualify under the provisions of the Statutes after examining the economic factors concerning each individual well and then only in the amount necessary to prevent premature abandonment.

Very truly yours,


C. E. Ensign

RVC:ljl

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. 1591
Order No. E-1334

APPLICATION OF ANGELS PEAK OIL COMPANY
FOR AN ORDER GRANTING SPECIAL ALLOWABLES
FOR TWO WELLS IN THE FULCHER KUTZ-PICTURED
CLIFFS POOL IN 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 February 4, 1959, 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 12th day of February, 1959, 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, Angels Peak Oil Company, is the owner and operator of the following-described wells:

Angels Peak Well No. 3, located 595 feet
from the North line and 1240 feet from
the East line of Section 11.

Angels Peak Well No. 5, located 285 feet
from the North line and 1520 feet from the
West line of Section 11

both in Township 28 North, Range 11 West, NMPM, San Juan County,
New Mexico.

(3) That the above-described wells were drilled prior to June 22, 1948, on which date Order No. 748 was entered by the Commission changing the drilling and spacing units for gas wells from 40 acres to 160 acres.

-2-

Case No. 1591
Order No. R-1334

(4) That the applicant seeks an order granting each of the above-described wells a special allowable of 1500 MCF per month in exception to the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Pool on the ground that said wells will be prematurely abandoned unless such special allowables are assigned thereto.

(5) That the preponderance of the evidence presented in this case indicates that the said Angels Peak Well No. 3 will be prematurely abandoned, thereby causing waste, unless it is granted an exception to the proration formula set forth in the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Pool.

(6) That the applicant owns the W/2 and the N/2 E/2 of Section 10, Township 29 North, Range 11 West, which acreage is not dedicated to any well in the Fulcher Kutz-Pictured Cliffs Pool.

(7) That the N/2 E/2 of said Section 10 can, after notice and hearing, be dedicated to the said Angels Peak Well No. 5 thereby bringing the allowable for this well up to 1500 MCF per month.

(8) That accordingly the application for a special allowable for the said Angels Peak Well No. 5 should be denied.

(9) That in order to prevent premature abandonment and resulting waste, the said Angels Peak Well No. 3 should be assigned an allowable equal to its capacity to produce or 1500 MCF per month, whichever is less.

IT IS THEREFORE ORDERED:

(1) That the application for a special allowable of 1500 MCF per month for the Angels Peak Well No. 5, located 285 feet from the North line and 1520 feet from the West line of Section 11, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, be and the same is hereby denied.

(2) That the Angels Peak Well No. 3, located 595 feet from the North line and 1240 feet from the East line of said Section 11, shall be assigned a special allowable equal to its capacity to produce or 1500 MCF per month, whichever is less, effective February 1, 1959.

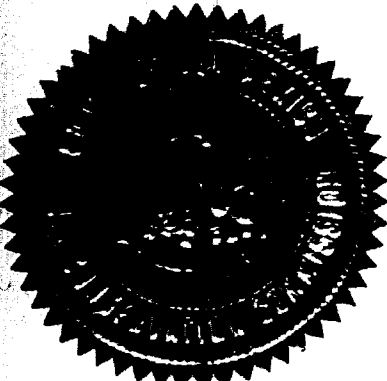
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



Two gas wells in Puleher Nat. Monument
Cliffs Gas Pool, San Juan County.