

Case No.

1595

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

IN THE MATTER OF: John J. Dempsey Associates, for an Order
permitting Applicants to produce a certain gas well in the Pictured Cliffs
formation of San Juan County, New Mexico, at a rate sufficient to prevent
premature abandonment thereof.

COME NOW Applicants and state:

1. That Applicants are the owners and operators of the following described
gas wells located in the Pictured Cliffs formation within San Juan County, New
Mexico, to-wit:

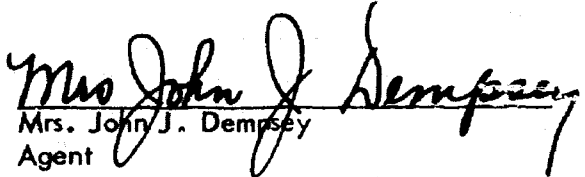
<u>Owner & Operator</u>	<u>Well Name & Location</u>	<u>Pool</u>
John J. Dempsey Associates	Hutchison No. 1 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 1, Twp. 29 N., Rge. 13 W., San Juan County Well is 660 feet south of the North line and 635 feet west of the East line of Section 1.	Fulcher-Kutz ✓

2. That the subject well was drilled prior to Order No. 748, promulgated
on the 22nd day of June, 1948, which Order established drilling and spacing units
of 160 acres; that subsequent to the promulgation of said Order at the time stated and
on the 23rd day of December, 1954, the Oil Conservation Commission promulgated
Order No. R-565, which established field rules for all of the pool in which the
above described well is located, and such order provided a formula which gave 25%
weight to an acreage factor arrived at by dividing 160 into the number of acres
dedicated to each well; and that such order disregarded the fact that the above
described well had been drilled prior to the promulgation of the original 160-acre
spacing order and at a time when it was legal for such wells to be drilled upon
40-acre tracts.

3. That these applicants and all individuals or corporations similarly
situated are entitled to an order creating an exception to that portion of Order No.
R-565, which places upon them an acreage attribution factor of less than one, and
to provide an allowable to prevent premature abandonment of subject well.

133-59
Docket
Hauled
EP

WHEREFORE, Applicants pray that this application be set down for hearing; that due notice thereof be given in accord with the laws of the State of New Mexico and the Rules and Regulations of the Commission, and that upon this hearing, from the evidence adduced, Applicants be granted an exception to the acreage attribution portion of Order No. R-565, and be granted an acreage attribution factor of one on each of said wells.


Mrs. John J. Dempsey
Agent

REPORT OF
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1595

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 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. Ap-
plicant, 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 abandon-
ment thereof, said well being the Hutchison
Well No. 1 located 560 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.

CASE NO.

1595

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. The
first case on the docket this afternoon will be Case 1595.

MR. PAYNE: 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.

MR. BYRD: Earl D. Byrd, with Bigbee and Stephenson
for the Applicant.

MR. VARDY: George A. Vardy, Attorney for Jackson
Hollow Oil Company.

MR. UZZ: Any other comments? If no, you may proceed.

MR. BYRD: If the Examiner please, I would like to make
an opening statement in connection with this matter. The Applicant
in this matter seek to be granted an extension to the acreage
attribution portion of Order R-505, and request that they be granted
an acreage attribution factor of one on the Hutcheson Well No. 1
located in the NE/4, NE/4, Section 1, Township 29 North, Range
13 West, San Juan County, New Mexico, which is located in the
Fletcher-Kutz Pool in the Pictured Cliffs Formation.

It is Applicant's contention that since subject well was
drilled prior to Order No. 740, promulgated on the 22nd day of
June, 1940, which order established drilling and spacing units of
160 acres, and since Order R-505 issued by the Oil Conservation
Commission did not take into consideration the fact that the fore-
going well had been drilled prior to the promulgation of aforesaid
Order No. 740 and at a time when it was legal for such wells to be
drilled upon tracts of land of less than 160-acres, that Applicant
should be relieved from Order R-505, which placed them upon an
acreage attribution factor of less than one.

That, if it please the Examiner, basically is what our
petition is all about. Applicant further feels that their
Petition should be granted in order to prevent premature abandon-
ment of the subject well. In reviewing the files of the New Mexico

Oil Conservation Commission, we have not before had to hold hearings concerning the Fletcher Ruiz Pool in the Pictured Cliffs formation, and the problem here involved has been fully presented to the Oil Conservation Commission in at least two other cases. Those cases being Case No. 1461 and No. 1530. From our review of these cases, it is clearly apparent that it is routine for the oil well companies to over-produce the wells in this particular locality and then to shut these wells in. Now, it also clearly appears that a shut-in well will result in a lost well, or in any event, that it is customary for water to permeate a well which will result in extensive reworking over. In this connection, we would like to direct the Examiner's attention to Pages 17, 19, and 20 of the transcript in Case 1461, and transcript in Case 1530, Page 12.

In connection with Case No. 1461, it further appears that testimony was introduced before the Examiner to the effect that it requires approximately \$145.00 a month gross income from wells in this locality to properly care for a well, which would include operating expenses, expenses incurred in connection with the payment of royalties, and to provide for workovers, which extended, I believe, in that case over a period of twenty months.

Now, it also clearly appears from both of these cases that a break-even figure, predicated upon ten cents per thousand cubic feet of gas, would result in an allowable being granted in connection with this well of 1500 MCF per month.

has, certainly concerning this latter matter, the question of economies is set forth at Page 49 in Case No. 1151, and at Page 24 in Case No. 1530. As appears from the records of the Examiner and on file with the Oil Conservation Commission, the well in question was drilled prior to 1940, and in all pertinent respects and aspects presents an identical problem to the facts and circumstances set out in these two additional cases. The present allowable, as shown by the records of the Oil Conservation Commission on this well is 332 MCF per month. The well has been shut-in since April, 1957, except for production in the months of April and May, I believe. It is, again, fully shown by the records of the Oil Conservation Commission.

It is our contention that this is a very analogous and presents the identical problem of waste and premature abandonment as set forth in the cases that I have specified, and what we would propose and move is that the testimony contained in these two other cases be incorporated and made a part of this case as though set forth in detail. Now, because of the precedent that has been established by these cases, I am some what at a loss in determining the proper manner of proceeding. Mrs. Dempsey is here who can answer any questions that the Examiner might think pertinent in the case, representing the partnership of John J. Dempsey Associates, and in addition, Mr. Paul Clote, who is drilling production superintendent for Southern Union Gas Company, is also available for any questions that the Examiner might determine pertinent in the case.

MR. VERITY: Your Honor, we have no objection to the record of these other two cases being incorporated in the record here the same as though the testimony were given at this time.

MR. UTZ: Is there any objection to the incorporation of the testimony in Cases 1461 and 1538 into the record in this hearing? In the absence of any objection, they will be incorporated in this case.

MR. BYRD: If the Examiner please, we would like to amend our petition to the extent that what we are asking for here is that the subject well be allowed 1500 MCF per month. In other words, we are not asking for any more or any less than the allowable that has been previously set by this Commission in connection with these other wells.

MR. VERITY: Your Honor, we would like to request that 1500 MCF be not designated as the minimum allowable if it is granted.

MR. PAYNE: I don't quite understand your point there, Mr. Verity.

MR. VERITY: Some of the companies have, pipeline companies that are purchasing this gas have certain contractual relations and obligations that give rise to complication if this Commission would enter an order that would establish a minimum allowable. We don't object to this order at all, but we would like to request that, as in these previous orders, you do not prescribe a minimum allowable, but a special allowable for the relief of premature abandonment.

MR. BYRD: We have no objection to what the Examiner might label this thing, our only interest is the 1500 MCF per month.

MR. UTZ: Is there objection to the proposed amendment to the application? If not, the application will be so amended. Mr. Verity, I think I understand what your concern is in this regard. Would it be satisfactory with you if we set a maximum allowable for this well of 1500 MCF?

MR. VERITY: It would be satisfactory with me, Your Honor, but a maximum allowable might not give them the allocation that they need. I think if you designate it as you have in the last order, it is all right.

MR. BYRD: May we suggest that the Examiner incorporate into any order that might be entered in connection with this matter the language that was used in Case No. 1461, which reads as follows:

That the above described wells" -- well in this case -- "shall be assigned an allowable equal to their capacity to produce, or 1500 MCF per month, whichever is less."

MR. VERITY: That's all right.

MR. UTZ: Do you have a witness that you would like to have sworn in at this time in order to present testimony on the case?

MR. BYRD: If the Examiner would like to hear testimony in connection with the matter, we are prepared to have Mrs. Dempsey testify.

MR. BYRD: Off the record.

(Discussion off the record.)

(Witness sworn.)

H. R. S. JOHN J. DEMPSEY, a witness called by
and on behalf of the Applicant, being first duly
sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY: MR. BYRD:

Q Would you state your name, please.

A Mrs. John J. Dempsey.

Q And do you represent the applicant in this particular
case?

A I do.

Q Mrs. Dempsey, are you familiar with the application that
was filed in this case?

A Yes.

Q And it is my understanding that what you are attempting
to do is to be placed in the same position as other well owners
in this particular pool?

A Exactly.

Q Now, when was the subject well drilled, Mrs. Dempsey?

A In 1947, it was completed October the 1st, 1947.

Q Under the present allowable, as shown by the Oil
Conservation Commission, of 332 MCF, can you continue to operate
this well so long as the present allowable continues to remain in

affected from an economic standpoint?

A No, we cannot.

Q The reason is that you are not getting any income, is that correct?

A That's correct.

Q Do you recall how long this well has been shut-in?

A Well, since April or May of 1956.

Q Do you have any cost figures with you that would show the operating cost and expenses incurred with this well?

A No. We tried to get that from Southern Union, but we didn't have time to get it.

Q Would you be willing to furnish that information to the Commission if it so desires?

A Surely.

Q Now, under what allowable do you feel that you can continue to operate this well and to prevent premature abandonment of the well?

A 1500 MCF a month like the other wells in that area.

MR. BYRD: I have no further questions.

CROSS EXAMINATION

BY: MR. PAYNE:

Q Mrs. Dempsey, what acreage is dedicated to this well at the present time. Do you have that information?

A 40-acres, I think.

Q Am I correct in my understanding that a city ordinance

in the non-availability of water after prohibiting additional wells in adjoining acreage?

A That is what I was told by Southern Union Gas Company.

Q So that to the best of your knowledge there are no other wells producing from the Pulcher Kist Pictured Cliff area in the immediate area of your well?

A No, there is not.

MR. PAYNE: That is all.

EXAMINATION BY MR. UTZ:

Q Mrs. Dempsey, do you think that you need 1500 MCF a month in order to pay expenses for operating the well as well as lay back a little for workover, as much as necessary?

A Yes, I think so.

Q Do you think you need as much as that?

A Yes, I do.

MR. UTZ: Does anyone have any more questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. UTZ: Mr. Byrd, could you furnish us the cost data in regard to operation of this well, and the information asked for.

MR. BYRD: Yes.

MR. PAYNE: I have a statement here, Mr. Examiner.

MR. UTZ: Mr. Payne.

MR. PAYNE: We received this statement from Pan American

Corporation which reads as follows:

Pan American Petroleum Corporation wishes to enter a statement in Case 1595 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 Fletcher 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. Signed, Alex Clarke, Jr."

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

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

33

I, Joseph A. Fragile, 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 12th day of February, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Fragile
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 156, heard by me on *Feb 11*, 1959.

Wm. H. ... Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 13, 1959

Mr. Carl Byrd
Bigbee & Stephenson
Bokum Building
Santa Fe, New Mexico

Dear Mr. Byrd:

On behalf of your client, John J. Dempsey Associates, we enclose two copies of Order R-1336 issued February 12, 1959, by the Oil Conservation Commission in Case 1595, which was heard on February 4th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
Encls.

*Order sent to
Mr. Ventry
2-13-59
BP*

*Duplicated order
sent to Alex Clarke, Jr.
Pan American, Ft. Worth
2-23-59
BP*

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 43-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 ~~no~~ 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 Ibex 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.

BIGBEE & STEPHENSON

ATTORNEYS AT LAW
BOKUM BUILDING
P. O. BOX 669

SANTA FE, NEW MEXICO

ASSOCIATE IN ALBUQUERQUE NEW MEXICO
QUINCY D. ADAMS

TELEPHONE 2-1647
HARRY L. BIGBEE
DONNAN STEPHENSON
HARL D. BYRD
SANTIAGO E. CAMPOS
MATIAS A. ZAMORA

February 6, 1959

New Mexico Oil Conservation Commission
Capitol Building
Santa Fe, New Mexico

Re: Application of John J. Dempsey's associates for an
increased allowable on Hutchison Well No. 1, NE $\frac{1}{4}$
NE $\frac{1}{4}$, Section 1, Township 29 North, Range 13 West,
San Juan County, New Mexico

Attention: Mr. Oliver Payne, Attorney

Gentlemen:

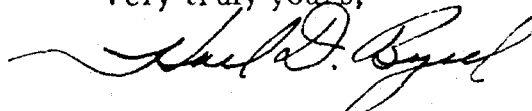
During the recent hearing concerning the above-captioned matter we were requested to submit a plat showing owners of offset wells, if any, which were located in the Fulcher-Kutz Pool, and in the area immediately surrounding the above-described real property upon which has been drilled Hutchison Well No. 1.

We have discussed this matter with representatives of your office here in Santa Fe and with Mr. Emory Arnold with your District Office in Aztec, and have been advised that there are no owners of offset wells in the immediately surrounding area. Accordingly, we respectfully request that we be relieved of this requirement.

We further understand that since the evidence in Case No. 1461 clearly indicates that it requires approximately \$145.00 gross income to provide for operating expenses, royalty and normal workovers for wells drilled in this general area and that the figure represents an average of such costs in order to break even in connection with operations of wells in this area in order to prevent premature abandonment of such wells, which evidence was incorporated into subject hearing by reference and without objection, that no further information concerning such costs will be required by the Oil Conservation Commission in connection with our application.

We trust the foregoing sufficiently satisfies your requirements in connection with the above application.

Very truly yours,



Harl D. Byrd

PAN AMERICAN PETROLEUM CORPORATION

OIL AND GAS BUILDING

FORT WORTH, TEXAS

ALEX CLARKE, JR.
DIVISION ENGINEER

January 30, 1959

File: GNK-3044-986.510.1

Subject: NMOC Case 1595
Minimum Allowables
Fulcher Kutz Pictured
Cliffs FieldNew Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

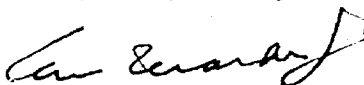
Attention: Mr. A. L. Porter, Jr.

Gentlemen:

Pan American Petroleum Corporation wishes to enter a statement in Case 1595 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,



RVC:lj

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. 1595
Order No. R-1336

APPLICATION OF JOHN J. DEMPSEY
ASSOCIATES FOR AN ORDER GRANTING
A SPECIAL ALLOWABLE FOR ONE WELL
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, John J. Dempsey Associates, is the owner and operator of 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, NMPM, San Juan County, New Mexico.

(3) That the above-described well was 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.

(4) That the applicant seeks an order granting the above-described well 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 well will be prematurely abandoned unless such a special allowable is assigned thereto.

-2-

Case No. 1595

Order No. R-1336

(5) That the preponderance of the evidence presented in this case indicates that the said Hutchison Well No. 1 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 in order to prevent premature abandonment and resulting waste, the said Hutchison Well No. 1 should be assigned an allowable equal to its capacity to produce or 1500 MCF per month whichever is less.

IT IS THEREFORE ORDERED:

That 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, NMPM, San Juan County, New Mexico, shall be assigned a special allowable equal to its capacity to produce or 1500 MCF per month, whichever is less, effective February 1, 1959.

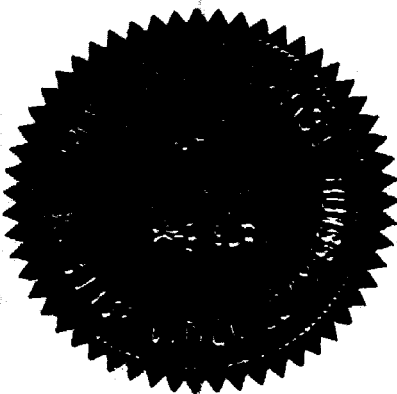
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

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



ir/

allowable to Hutchison Well #1, 1-29N-13W,
Fulcher Kutz-Pictured Cliffs Gas Pool.