10sc/10. 952 Replication, Transcript, Smill Exhibits, Etc.



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OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

October 19, 1955

Solution and the

Southern Union Gas Company Burt Building Dallas 1, Texas

Gentlemen:

We enclose a copy of Order R-701 and Order R-703 issued October 13, 1955, by the Oil Conservation Commission in Cases 952 and 887 respectively.

Very truly yours,

ويستعون ورايه

W. B. Macey Secretary - Director

WEN:brp Enclosures (2)

OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO

August 4, 1955

Southern Union Gas Company Burt Building Dallas 1, Texas

Attention: Mr. A. S. Grenier

Gentlemen:

Reference is made to your application of July 15, 1955 for approval of a non-standard drilling and gas proration unit in the Astec-Pictured Cliffs Gas Pool for your Zachry Well No. 11, located in Section 10, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

Due to the fact that this proposed proration unit would cross section lines, it would be impossible for this office to approve your application administratively. As you are no doubt aware, no decision has been rendered in Case No. 903 with regard to examiner hearings, therefore to prevent further delay in the processing of your application I am placing this application on the docket for the September 15th hearing.

I regret the delay that has taken place in the handling of your application but I had hoped that we might have had Rules of Procedure for the examiner hearings and that your application might have been handled in this manner.

Very truly yours,

C. M. RIEDER, District Engineer

CMR/ir

WILLIS L.LEA, JR.

SOUTHERN UNION GAS COMPANY BURT BUILDING DALLAS 1, TEXAS July 15, 1955

A.S.GRENIER MILLARD F. CARR Edward G. Taylor Jack Hertz

Oil & Gas Conservation Commission Santa Fe, New Mexico

Gentlemen:

Enclosed herewith in triplicate is application of Southern Union Gas Company for approval of an unorthodox drilling and gas proration unit in the Aztec-Pictured Cliffs Gas Pool, San Juan County, New Mexico.

Attached to the application is a copy of the letter of notification which is being sent out today by registered mail to Aztec Oil & Gas Company, the only offset operator other than ourselves.

Although no definitive rules have yet been adopted by the Commission regarding proceedings before hearing examiners, we would have no objection to having this matter heard by a hearing examiner, rather than by the full Commission, if hearing is deemed necessary.

Very truly yours,

G. J. Grinier

ASG:mf Encls.

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. 952 Order No. R-701

IN THE MATTER OF THE APPLICATION OF SOUTHERN UNION GAS COMPANY FOR AN ORDER GRANTING APPROVAL OF AN EXCEPTION TO RULE 6 (a) OF THE SPECIAL RULES AND REGULATIONS OF ORDER R-565 FOR THE AZTEC-PICTURED CLIFFS GAS POOL IN ESTABLISHMENT OF A NON-STANDARD DRILLING AND GAS PRORATION UNIT OF 193.75 CONTIGUOUS ACRES CONSISTING OF THE E/2 E/2 OF FRACTIONAL SECTION 9 AND THE W/2 OF FRACTIONAL SECTION 10, TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM, 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 September 15, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this $13^{\frac{th}{2}}$ day of October, 1955, the Commission, a quorum being present, having considered the record and the testimony adduced and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to the provisions of Rule 6 (a) of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool of Order No. R-565, the Commission has power and authority to permit the formation of a gas provation unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(a) That applicant is the owner of an oil and gas lease in San Juan County, New Mexico, said lease being described as follows:

> TOWNSHIP 28 NORTH, KANGE 10 WEST, NM PM E/2 E/2 of Partial Section 9 W/2 of Partial Section 10

containing 193.75 acres more or less.

-2-Order No. R-701

(b) That the above described acreage is within one mile of the horizontal limits of the Aztec-Pictured Cliffs Gas Pool.

(4) That the entire non-standard drilling and gas proration unit may reasonably be presumed to be productive of gas from the Pictured Cliffs formation.

(5) That the applicant, Southern Union Gas Company, has completed a gas well capable of producing gas from the Pictured Cliffs formation on the above designated lease known as its Zachry No. 11, located 990 feet from the South line and 990 feet from the West line of Section 10, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

(6) That the formation of the aforementioned drilling and proration unit in said fractional sections would be in the interests of conservation and orderly development and would protect correlative rights.

IT IS THEREFORE ORDERED:

1. That a drilling and proration unit in the Aztec-Pictured Cliffs Gas Pool, described as follows:

TOWNSHIP 28 NO		RANGE 10 WEST, NMPM
Section 9:	E/2	E/2 of Partial Section
Section 10:	W/2	of Partial Section

be and the same hereby is created.

2. That applicant's well, Zachry No. 11, located in the SW/4 of Section 0, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico, shall be granted an allowable in the proportion that the above described 193.75 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

JOHN F. SIMMS, Chairman

E. S. WALKER, Member

W. B. MACEY, Member and Secretary



ir/

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF) SOUTHERN UNION GAS COMPANY FOR AN OR-) DER GRANTING APPROVAL OF AN EXCEPTION) TO RULE 6 (A) OF THE SPECIAL RULES AND) REGULATIONS FOR THE AZTEC-PICTURED) CLIFFS GAS POOL IN ESTABLISHMENT OF) A NON-STANDARD DRILLING AND GAS PRORA-) TION UNIT OF 193.75 CONTIGUOUS ACRES) CONSISTING OF THE EZ OF THE EZ OF) FRACTIONAL SECTION 9 AND THE WZ OF) FRACTIONAL SECTION 10, TOWNSHIP 28) NORTH, RANGE 10 WEST, N. M. P. M., SAN) JUAN COUNTY, NEW MEXICO.

CASE NO. 952

APPLICATION

Southern Union Gas Company (herein referred to as "Applicant"), a Delaware corporation with its principal place of business in the Burt Building, Dallas 1, Texas, hereby makes application to the Commission for an order granting approval of an exception to Rule 6 (A) of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, promulgated by the Commission in its Order No. R-565, as amended, in establishment of the non-standard drilling and gas proration unit described hereinbelow; and in support of such application, Applicant respectfully states and shows the following:

(1) The non-standard drilling and proration unit for which approval is sought herein consists of 193.75 contiguous surface acres substantially in the form of a rectangle, and consists of the $E_2^{\frac{1}{2}}$ of the $E_2^{\frac{1}{2}}$ of fractional Section 9 and the $W_2^{\frac{1}{2}}$ of fractional Section 10, Township 28 North Range 10 West, N.M.P.M., San Juan County, New Mexico.

(2) The non-standard size of the tract is due to a variation in legal subdivision of the U. S. Public Lands Surveys.

(3) The recently completed well for which it is requested that the above described acreage be the drilling and gas proration unit is the Southern Union-Zachry #11, which well is located 990 feet north of the south line and 990 feet east of the west line of the aforesaid Section 10.

(4) In the opinion of Applicant, the entire non-standard drilling and gas proration unit referred to herein may reasonably be presumed to be productive of gas from the Pictured Cliffs Formation.

(5) In the opinion of Applicant, the drilling of more than one well on the land allocated to the proposed unit is not economically justified, and the well presently located thereon is capable of efficiently and economically draining the entire area of said unit.

(6) So far as is known to Applicant, the only operator other than Applicant owning an oil and gas leasehold interest in any of the acreage offsetting the proposed unit is Aztec Oil and Gas Company, 920 Mercantile Securities Building, Dallas 1, Texas. Attached hereto is a copy of the letter of notification mailed today by Applicant under registered cover to Aztec Oil and Gas Company. Case No. 952 Cont¹d.

WHEREFORE, premises considered, Applicant prays that the Commission, after such hearing and upon such notice as the Commission may direct, issue its order granting approval of the non-standard drilling and gas provation unit herein proposed.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY /s/ J. C. Reid Executive Vice President

NOTE: The above mentioned letter is on file with the OCC in Santa Fe, N.M.

New Mexico Oil & Gas Engr. Committee P. O. Box 127 August 25, 1955 Hobbs, New Mexico AZTEC OIL & GAS COMPANY 920 Mercantile Securities Building Dallas 1, Texas

Van Thompson Executive Vice President

<u>COPY</u>

July 18, 1955

Southern Union Gas Company Burt Building Dallas 1, Texas

Attention Mr. J. C. Reid

Gentlemen:

We are in receipt of a copy of your application for an order granting approval of an exception to Rule 6-(a) of the special rules and regulations for the Aztec-Pictured Cliffs Gas Pool in establishment of a non-standard drilling and gas proration unit of 193.75 acres consisting of the E_2^1 of the E_2^1 of fractional section 9 and the W_2^1 of fractional section 10, Township 28 North, Range 10 West., N.M.P.M., San Juan County, New Mexico.

Aztec Oil & Gas Company has no objection to establishment of the non-standard unit referred to above.

Yours very truly,

AZIEC OIL & GAS COMPANY

/s/ Van Thompson

Van Thompson, Executive Vice President

VT/ba

B AU CONSSI	EFORE THE COMMISSION
DIL CONSES	FE, NEW MEXICO
CASE	EXMIENT NO



CASE

	BEFORE THE
	Bil Conservation Commission
	SANTA FE, NEW MEXICO September 15, 1955
11 A	
	IN THE MATTER OF:
	}
	CASE NO. 952
	TRANSCRIPT OF PROCEEDINGS
Į.	
	ADA DEARNLEY AND ASSOCIATES
	605 Simms Building
	TELEPHONE 3-6691 Albuquerque, New Mexico
	ALGOGOLINGE, MEM MEXICO

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Q In what capacity?

A Manager of the Exploration Department.

Q Have you previously testified and qualified before this Commission as an expert witness?

A I have.

MR. GRIENER: Are the witness's qualifications acceptable to the Commission?

MR. MACEY: They are.

Q Referring now to the present case, Number 952, Mr. Wiederkehr, will you please state briefly what is proposed in the Southern Union Gas application here?

A In Southern Union Gas application 952, we propose to form an unorthodox unit around our Number 11 Zachry Well located in Section 10, Township 28 North, Range 10 West, San Juan County, New Nexico, to be comprised of the west half of fractional Section 10, and the east half of the east half of fractional Section 9, containing approximately 193.75 acres.

Q You say the Zachry Number 11 Well is presently located on this proposed unit?

A Yes, in the approximate center of the proposed unit, being 990 feet from the south and west lines of Section 10.

Q Have you prepared a plat or had prepared under your supervision a plat to indicate the location of this well and the proposed unit?

A Yes, sir, I have.

MR. GRIENER: We would like to have the plat marked for identification as Southern Union Gas Company's Lindoit Lumber 1.

ADA DEARNLEY & ASSOCIATES STENOTYPE REPORTERS ALBUQUERQUE, NEW MEXICO TELEPHONE 3-6691

(Marked Southern Union Gas Company's Exhibit No. 1, for identification.)

3

Q Referring to Exhibit No. 1, Mr. Wiederkehr, what is the red outline there?

A The area which we propose to be unitized and to be attributed to our Zachry Number 11 Well is outlined in red.

Q When was the Zachry Number 11 Well completed?

A July 13, 1955.

Q Were any initial tests made on the well?

A Yes, the well was initially tested for 3,263,000 cubic feet of gas.

- Q Initial potential?
- A Yes.

Q Has the well been connected to a pipeline yet?

A The last I heard it had not been connected.

Q Is it expected to be shortly?

A Yes, we expect to connect the wells in this area sometime within the next 60 days.

Q Why is the unorthodox unit proposed in this case?

A Across the top of Township 28 North, the sections are irregular, actually the Section 10 kn which this well is located, half of that section would only contain some 130 acres; half a section would only contain about 130 acres. In previous cases we have asked that we sher when ace one half of the Scartional section, that three-quarters on a freedomak section be naturated to each will site. In order we can all one are with these by elus some our drillin unit, the slep limitate act makes of wells when some have to drill, and the computation action of the solution of the section,

> ADA DEARNLEY & ASSOCIATES STENOTYPE REPORTERS ALBUQUERQUE, NEW MEXICO TELZPHONE 3-6691

instead of having the normal unit ellerable of the normal, we would have some 130 acres, or 13/10 of a normal unit. The believe the well is capable of draining the entire area and that ortilling of additional wells yound be a waste of memory.

Q In your oplaion is the antire area of the proposed unit productive of oil and gas in commercial quantities?

A We believe so. The sand thickness, as taken from the electric log on the well, would indicate that in all probability the entire area is gas productive. We don't know of any of the sands pinching out rapidly enough to pinch cut before it got out beyond the boundary of the proposed unit.

Q That is in the Aztec Pictured Cliffs Pool?

A That is correct.

Q In your opinion, would the drilling of half again as many wells, which would be the effect of cutting down from 190 to 130, would the drilling of half as many wells be economically justified?

A No, I think we will get the same amount of gas with the expenditure of a lot less money by putting them on larger units.

Q You refer to the fact that we had asked for similar units on previous occasions in this area. That is the physical relationship of those units that have previously been considered by the Commission to the one now under consideration?

A They are due east, actually berdering on the east boundary of this unit and going some cir locations due east.

Q. Have those proposals been passed upon by the commission?

A Yes, they have.

. Was that is Care (C, and Croon Ofer

A Theo is correct.

AD & DEARNLEY & ASSOCIATES STENOTYPE REPORTERS ALBUQUERQUE, NEW MEXICO TELEPHONE 3-6691 Q All of those six units were approved in that order?

A That is correct.

Q what is the character of the lease ownership in the area surrounding the presently proposed unit?

A Southern Union Gas is the owner of acreage to the west, to the north and to the east. Aztec Cil and Gas owns the acreage to the south.

Q Has Aztec Oil and Gas Company been advised of the filing in that matter?

A They have.

Q Have they indicated there assent to the proposed unit?

A Yes, they have.

MR. GRIENER: I would like to have marked for identification as Southern Union's Exhibit Number 2, a letter dated July 18, 1955 to Southern Union Gas Company, from Aztec Oil and Gas Company, but request leave to withdraw the original from our files.

MR. MACEY: That is quite all right.

(Marked Southern Union Gas Company's Exhibit Number 2, for identification.)

Q Referring to this Exhibit Number 2, in this letter Aztec, the only offset operator, state they have no objection to the proposed unit, is that correct?

A That is correct.

MR. GAIENER: We have nothing further enters to ask that the two exhibits be admitted in evidence.

MR. MACEY: Without objection the exhibits will be received. Any questions of the witness?

MR. UTZ: I have one cuestion.

ADA DEARNLEY & ASSOCIATES STENOTYPE REPORTERS ALBUQUERQUE, NEW MEXICO TELEPHONE 3-6691

CROSS EXAMINATION

By MR. UTZ:

Q Does Southern Union have any plans of drilling a well in Section 9?

A We don't have any definite well set up at the present time, although I am sure that in due time this will be drilled, due to the fact that we made an above average Pictured Cliff well in this location. There is no reason to believe the sand will not be present in Section 9. I think in due time the well will be drilled.

Q You are of the opinion that all parts of Section 9 is productive of gas?

A I think all the area between here and the Fulcher Kutz Field is productive of gas.

MR. MACEY: Anyone else have a question of the witness? Mr. Wiederkehr, is this a common lease ownership, does Southern Union own the working interest?

A All of it, yes.

Q MR. MACEY: Same royalty?

A Same Federal lease.

MR. MACEY: Anyone else? If nothing further we will take the case under advisement and the witness will be excused.

SS.

(Witness excused.)

6

STATE OF NEW MEXICO)

Commission June 10, 1959

COUNTY OF BERNALILLO) I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Gil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 4th day of October, 1955.

Myda Viarnley Rotary Public, Court Reporter ADA DEARNLEY & ASSOCIATES STENDITYPE REPORTED ALBUQUERQUE, NEW MEXICO TELEPHONE 3-6691

AND CONTRACTOR DEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF SOUTHERN UNION GAS COMPANY FOR AN OR-DER GRANTING APPROVAL OF AN EXCEPTION TO RULE 6(A) OF THE SPECIAL RULES AND REGULATIONS FOR THE AZTEC-PICTURED CLIFFS GAS POOL IN ESTABLISHMENT OF A NON-STANDARD DRILLING AND GAS PRORA-TION UNIT OF 193.75 CONTIGUOUS ACRES CONSISTING OF THE $E_2^{\frac{1}{2}}$ OF THE $E_2^{\frac{1}{2}}$ OF FRACTIONAL SECTION 9 AND THE $W_2^{\frac{1}{2}}$ OF FRACTIONAL SECTION 10, TOWNSHIP 28 NORTH, RANGE 10 WEST, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.

152 CASE NO.

APPLICATION

Southern Union Gas Company (herein referred to as "Applicant"), a Delaware corporation with its principal place of business in the Burt Building, Dallas 1, Texas, hereby makes application to the Commission for an order granting approval of an exception to Rule 6(A) of the Special Rules and Regulations for the Aztec-Pictured Cliffs Gas Pool, promulgated by the Commission in its Order No. R-565, as amended, in establishment of the non-standard drilling and gas proration unit described hereinbelow; and in support of such application Applicant respectfully states and shows the following:

(1) The non-standard drilling and protation unit for which approval is sought herein consists of 193.75 contiguous surface acres substantially in the form of a rectangle, and consists of the E_2^1 of the E_2^1 of fractional Section 9 and the W_2^1 of fractional Section 10, Township 28 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.

(2) The non-standard size of the tract is due to a variation in legal subdivision of the U.S. Public Lands Surveys. (3) The recently completed well for which it is requested that the above described acreage be the drilling and gas proration unit is the Southern Union-Zachry #11, which well is located 990 feet north of the south line and 990 feet east of the west line of the aforesaid Section 10.

(4) In the opinion of Applicant, the entire non-standard drilling and gas proration unit referred to herein may reasonably be presumed to be productive of gas from the Pictured Cliffs Formation.

(5) In the opinion of Applicant, the drilling of more than one well on the land allocated to the proposed unit is not economically justified, and the well presently located thereon is capable of efficiently and economically draining the entire area of said unit.

(6) So far as is known to Applicant, the only operator other than Applicant owning an oil and gas leasehold interest in any of the acreage offsetting the proposed unit is Aztec Oil and Gas Company, 920 Mercantile Securities Building, Dallas 1, Texas. Attached hereto is a copy of the letter of notification mailed today by Applicant under registered cover to Aztec Oil and Gas Company.

WHEREFORE, premises considered, Applicant prays that the Commission, after such hearing and upon such notice as the Commission may direct, issue

- 2 -

its order granting approval of the non-standard drilling and gas proration unit herein proposed.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

By <u>Executive Vice President</u> 044

THE STATE OF TEXAS)
COUNTY OF DALLAS)

J. C. Reid, being first duly sworn, hereby states that he is Executive Vice President of Southern Union Gas Company, the Applicant in the foregoing application; that as such officer he has executed said application on behalf of Southern Union Gas Company; that he has read said application and, to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct.

J C Reid

SWORN TO AND SUBSCRIBED before me, the undersigned authority, this 15th day of July, 1955.

ary Public in and for

Dallas County, Texas.

DTHELI, KORR Notary Public Ballas County, Texas My Completion configure and 1, 1957. Forgn 752-815 - 2-54

copt

SOUTHERN UNION GAS COMPANY Burt Building DALLAS 1, TEXAS

July 15, 1955

Aztec Oil & Gas Company 920 Mercantile Securities Bldg. Dallas 1, Texas

Gentlemen:

Enclosed herewith is a copy of the application being mailed today by Southern Union Gas Company for filing with the New Maxico Oil Conservation Commission, requesting an order of the Commission granting approval of establishment of a non-standard drilling and gas promation unit of 193.75 acres consisting of the $E_2^{\frac{1}{2}}$ of the $E_2^{\frac{1}{2}}$ of fractional Section 9 and the $W_2^{\frac{1}{2}}$ of fractional Section 10, Township 28 Morth, Range 10 West, M.M.P.M., San Juan County, New Maxico. We give you this advice since, according to our records, you own an oil and gas leasehold interest in certain acreage offsetting the unit proposed.

If you have no objection to establishment of the non-standard unit referred to above, we will appreciate you promptly so advising us by return mail. If, on the other hand, you wish to object to such unit, you should give written notice to that effect to the Commission, with a copy also sent to us, within 20 days after the date of this letter.

Very truly yours,

SOUTHERN UNION GAS COMPANY

Executive Vice President

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JCR:mf Encl. Via Registered Mail