

Case No.

1026

Application, Transcript,
Small Exhibits, Etc.

CASE 1026: Pacific NW Pipeline Corp
Application approving unorthodox 328.2
acres (1389' FSL & 1309' FEL of Sec. 8)

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

April 19, 1956

Mr. James E. Sperling
P.O. Box 466
Albuquerque, New Mexico

Dear Sir:

In behalf of your client, Pacific Northwest Pipeline Corporation,
we enclose two copies of Order R-784 issued April 16, 1956, by the
Oil Conservation Commission in Case 1026, which was heard on March 7th
at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

ALP:brp
Encls.

C
O
P
Y

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

February 24, 1956

Pacific Northwest Pipeline Corp.
413½ West Main Street
Farmington, New Mexico

ATTENTION: Mr. T. A. Dugan

Dear Sir:

Reference is made to your letter of February 21, 1956, pertaining to the drilling of an unorthodox location for your Cox Canyon Well No. 8-8, located 1309 feet from the east line and 1389 feet from the south line of fractional Section 8, Township 32 North, Range 11 West, Blanco Mesaverde Gas Pool, San Juan County, New Mexico.

You are hereby authorized to drill this well at the location designated above pending the outcome of Case No. 1026 pertaining to this location and unit to be heard before an Examiner at Santa Fe on March 7, 1956.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp

CC-U.S. Geological Survey
P.O. Box 965
Farmington, New Mexico

Mr. Emery Arnold
Oil Conservation Commission
P.O. Box 697
Aztec, New Mexico

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PACIFIC NORTHWEST PIPELINE CORPORATION

413 $\frac{1}{2}$ West Main Street
Farmington, New Mexico

February 21, 1956

1026

Mr. W. B. Macey
New Mexico Oil Conservation Commission
125 Mabry Hall
Capitol Building
Santa Fe, New Mexico

Dear Mr. Macey:

Pacific have staked Cox Canyon Well 8-8 located 1309' from the east line and 1389' from the south line of Section 8, Township 32N, Range 11W, San Juan County, New Mexico.

We have asked for an unorthodox drilling block which consists of the E/2 of Section 8 and the E/2 of the E/2 of Section 17, Township 32N, Range 11W containing 328.20 Acres.

We have submitted an "Intention to Drill" to the local U.S.G.S. office and we have received their approval subject to your approval. We are now preparing location in the NE/4 of Section 17 and it would be to our benefit if we could receive your immediate verbal approval to proceed with the construction and drilling of the well in Section 8.

Yours very truly,

T. A. Dugan
T. A. Dugan

TAD:blm

cc: Mr. W. R. Johnston
Mr. Les Truby

MAIN OFFICE 800
LAW OFFICES OF
SIMMS, MODRALL, SEYMOUR, SPERLING & ROEHL

LAW OFFICES OF

SIMMS BUILDING

ALBUQUERQUE, NEW MEXICO

JOHN F. SIMMS (1885-1974)

J. R. MODRALL

AUGUSTUS SEYMOUR

JAMES E. SPERLING

JOSEPH E. ROEHL

GEORGE T. HARRIS, JR.

VANCE MAUNEY

DANIEL A. SISK

WILSON P. HURLEY

MAR 11 1:50

TELEPHONE 3-4514
POST OFFICE BOX 466

March 8, 1956

Mr. Warren W. Mankin,
New Mexico Oil Conservation Commission,
P.O. Box 871,
Santa Fe, New Mexico.

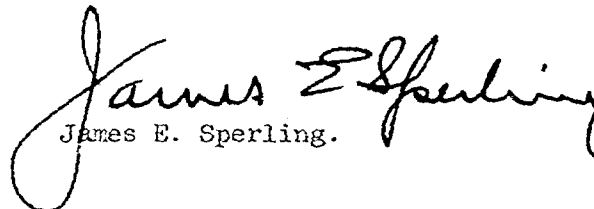
Re: Commission Case No. 1026
Application of Pacific Northwest
Pipeline Corp. for approval of
non-standard gas proration unit

Dear Mr. Mankin,

I neglected to inquire at the hearing held March 7, 1956 as to whether you desired the applicant to prepare a proposed form of order. It is assumed that if the application is the subject of approving action by the Commission that the order will be patterned along the lines of the order issued in Case No. 786 upon the application of Great Western Drilling Co. pertaining to lands in the immediate area. If you do desire that we submit a proposed form of order please advise.

Very truly yours,

SIMMS, MODRALL, SEYMOUR, SPERLING & ROEHL,


James E. Sperling.

JES/me

GOVERNOR JOHN F. SIMMS
CHAIRMAN

New Mexico
OIL CONSERVATION COMMISSION

STATE GEOLOGIST W. B. MACEY
SECRETARY DIRECTOR

LAND COMMISSIONER E. S. WALKER
MEMBER



P. O. Box 871
SANTA FE, NEW MEXICO
January 5, 1956

Pacific Northwest Pipeline Corporation
Simms Building
Albuquerque, New Mexico

Attention: Mr. R. N. Richey

Re: Cox Canyon Unit Area
San Juan County, New Mexico
1956 Plan of Development

Gentlemen:

This is to advise that the Plan of Development for the Cox Canyon Unit Area, dated December 30, 1955, has this date been approved by the New Mexico Oil Conservation Commission, subject to like approval by the United States Geological Survey and by the Commissioner of Public Lands of the State of New Mexico.

The approval is also subject to the following provisions:

1. That the NE/4 of Section 20, Township 32 North, Range 11 West, which is within the Cox Canyon Unit Area, be communitized with the NW/4 of Section 20, Township 32 North, Range 11 West, which is outside the unit area, thus forming a N/2 Section 20, Township 32 North, Range 11 West drilling block consisting of 320 acres.
2. That unorthodox spacing units consisting of approximately 320 acres each be established for the two wells to be drilled in the following described acreage: SE/4 Section 8; E/2, E/2 W/2 Section 17, Township 32 North.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
CASE 1026

-2-

January 6, 1956

Range 11 West, consisting of 648.20 acres, more or less. Application for an approval of these unorthodox spacing units shall be made in accordance with the Rules and Regulations of the New Mexico Oil Conservation Commission. It is suggested that the two unorthodox spacing units consist of the following described acreage:

(a) SE/4 Section 8, E/2 E/2 Section 17,
Township 32 North, Range 11 West.

(b) E/2 W/2 Section 17, W/2 E/2 Section
17, Township 32 North, Range 11 West.

One approved copy of the Plan of Development is returned
herewith.

Very truly yours,


W. B. Macey
Secretary-Director

WBM:jh

cc: U. S. Geological Survey, Roswell
Commissioner of Public Lands, Santa Fe

PACIFIC NORTHWEST PIPELINE CORPORATION

PHONE 3-5547 → SIMMS BUILDING

ALBUQUERQUE, NEW MEXICO

December 30, 1955

Re: Cox Canyon Unit Area,
San Juan County, New
Mexico. PLAN OF DEVE-
LOPMENT FOR CALENDAR
YEAR 1956.

Supervisor,
United States Geological Survey
Department of the Interior
Roswell, New Mexico.

Commissioner of Public Lands
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico.

Oil Conservation Commission
of the State of New Mexico
Capitol Annex Building
Santa Fe, New Mexico.

Gentlemen:

In compliance with Section 10 of the Cox Canyon Unit Agreement, Pacific Northwest Pipeline Corporation, as Unit Operator, is submitting this Plan of Development providing for the complete development of the Cox Canyon Unit Area during the calendar year 1956.

The first well is proposed for the NE $\frac{1}{4}$ Sec. 20, T 32N, R 11W by communitizing the NE $\frac{1}{4}$ Sec. 20, T 32N, R 11W, which is within the Cox Canyon Unit Area, with the NW $\frac{1}{4}$ Sec. 20, T 32N, R 11W, which is outside the Unit Area, and thus forming a NE $\frac{1}{4}$ Sec. 20, T 32N, R 11W drilling block consisting of 320.00 acres.

Prior to drilling the second and third wells a request will be made to the New Mexico Oil Conservation Commission for unorthodox spacing units consisting of approximately 320.00 acres. The two wells will be located upon acreage described as SE $\frac{1}{4}$ Sec. 8; NE $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 17, T 32N, R 11W, consisting of 648.20 acres.

The above wells will be drilled to intermediate casing point with conventional hydraulic rotary tools and the pay section will be drilled with gas tools. After running production casing through the pay formation, the gas sands will be selectively perforated and fraced.

Re: Cox Canyon Unit Area

-2-

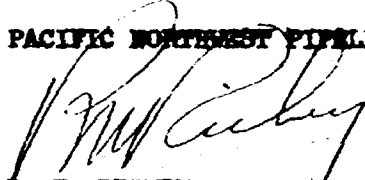
December 30, 1955

If this development program is acceptable, please signify your approval in the space provided below and return an approved copy to Pacific Northwest Pipeline Corporation.

Copies of this drilling program are being sent to the Working Interest Owners shown on the attached sheet

Very truly yours,

PACIFIC NORTHWEST PIPELINE CORPORATION


R. H. RICHEY, Manager,
Land Department.

RHR:ENC:ga

APPROVED: _____ DATE: _____
Supervisor, United States Geological Survey

Subject to like approval by the appropriate State officials.

APPROVED: _____ DATE: _____
Commissioner of Public Lands

Subject to like approval by the U.S.G.S. and Oil Conservation Commission.

APPROVED: W B Macey DATE: JAN 5 1956
Oil Conservation Commission

Subject to like approval by the U.S.G.S. and Commissioner of Public Lands.

COX CANYON UNIT

WORKING INTEREST OWNERS

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas.

Attention: Mr. R. L. Hamblin.

Sinclair Oil & Gas Company
P. O. Box 4005
Albuquerque, New Mexico.
Attention: Mr. A. A. Keonig.

Colorado Oil & Gas Corporation
Denver Club Building
Denver, Colorado.

Memo

3/9/12

From

UWA

Re: Case # 1024

To

JWG

OK to go ahead and
oppose ^{trial} ~~trial~~ & monitor
location.

on

Wait for [unclear]

Memo

From

To

Jda,

Use the 3rd start. Litch & 26 ~~26~~
transcript first as I have changed it around quite a bit.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF the Application of
PACIFIC NORTHWEST PIPELINE CORPORATION
for the approval of unorthodox gas
proration units consisting of
Lots 1 and 2 and the $S\frac{1}{2} SE\frac{1}{4}$ of Fractional
Section 8 and the $E\frac{1}{2} E\frac{1}{2}$ of Section 17,
Township 32 North, Range 11 West, NMPM,
containing approximately 328.2 acres, and
the $E\frac{1}{2} W\frac{1}{2}$ and the $W\frac{1}{2} E\frac{1}{2}$ of Section 17,
Township 32 North, Range 11 West, NMPM,
consisting of approximately 320 acres,
all in Township 32 North, Range 11 West,
NMPM, San Juan County, New Mexico.

NWU-
16

No. Case 1026

APPLICATION

I

Pacific Northwest Pipeline Corporation is a Delaware corporation authorized to do business in the State of New Mexico with offices in the Simms Building, Albuquerque, New Mexico, and is the present owner and holder of gas rights under Federal Oil and Gas Leases bearing serial numbers:

NM 03189 (as to the lands above described in Section 8)

NM 03190 (as to the lands above described in Section 17)

II

That heretofore the Commission in Cause No. 786 has approved the application of Great Western Drilling Company by its order entered in said cause establishing a non-standard gas proration unit consisting of lots 3 and 4 and the $S\frac{1}{2} SW\frac{1}{4}$ of Fractional Section 8 and the $W\frac{1}{2} W\frac{1}{2}$ of Section 17, all in Township 32 North, Range 11 West, said non-standard gas proration unit being adjacent to a portion of the lands described in this

application, and that a well has been drilled by Great Western Drilling Company at a location approximately 990 feet from the south and west lines of said Section 17 as shown on Exhibit "A" attached hereto and made a part hereof.

III

That Order R-110 entered by this Commission establishes 320 acre well spacing for production of gas from the Mesa Verde Formation in San Juan County, New Mexico.

IV

That applicant desires to drill gas wells on said non-standard units, such wells to be located respectively 1389 feet from the south line and 1309 feet from the east line of said fractional Section 8 (lots 1 and 2 and $S\frac{1}{2} SE\frac{1}{4}$), and 1540 feet from the north line and 2430 feet from the east line of Section 17, said proposed locations being indicated on Exhibit "A" attached hereto. OK

V

That this application is made pursuant to the suggestion of the Secretary Director of the Commission contained in his letter to applicant dated January 5, 1956 with reference to the 1956 plan of development proposed for the Cox Canyon Unit Area by applicant as Unit Operator.

VI

That the creation of the unorthodox spacing units proposed herein is necessary in order that applicant will not be deprived of its opportunity to recover its just and equitable share of gas in the gas pool underlying the tracts of land which applicant seeks to have included within the proposed spacing units as described herein.

VII

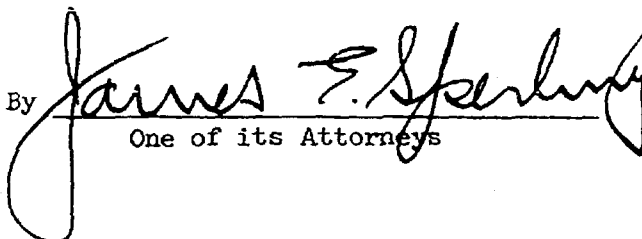
Applicant states that the consent of the United States Geological Survey has been obtained to the creation of the unorthodox spacing units proposed herein, as has the consent of Great Western Drilling Company and Pubco Development Inc., owners of interest in lands adjacent to the proposed spacing units other than the applicant herein, such consents being indicated by Exhibits "B", "C" and "D" attached hereto and made a part hereof.

VIII

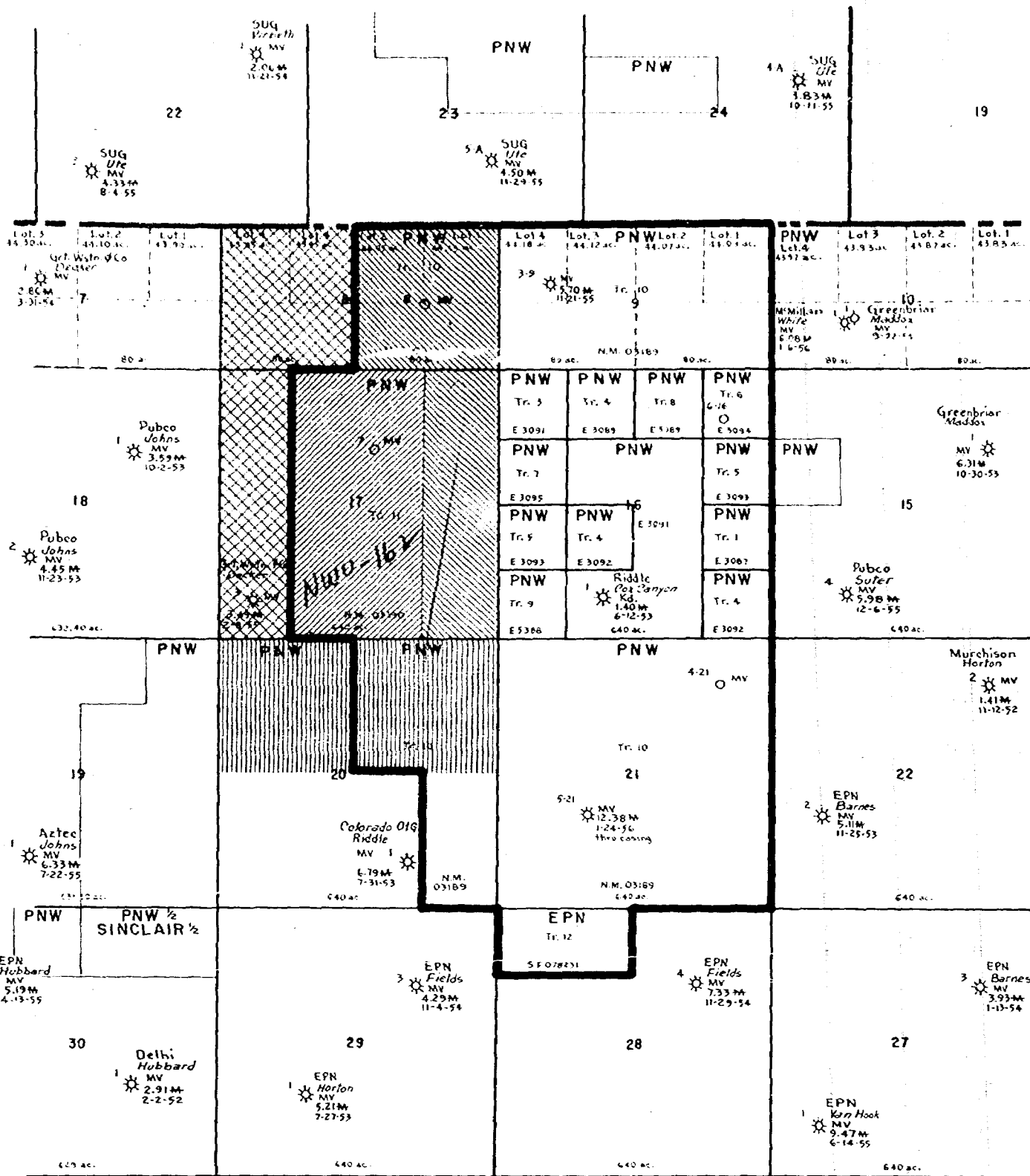
That applicant respectfully requests an examiner hearing on this application as soon as possible.





Respectfully submitted,

PACIFIC NORTHWEST PIPELINE CORPORATION

By  One of its Attorneys

SIMMS & MODRALL
Simms Building
Albuquerque, New Mexico.



-  Non standard gas proration unit authorization requested
-  Area to be communized
-  Non standard gas proration unit previously authorized by Oil Conservation Commission Great Western Drilling Co. and Pubco Development Inc acreage
-  Well locations in proposed non standard gas proration unit

COX CANYON UNIT
SAN JUAN COUNTY, NEW MEXICO
 Scale: 2" = 1 Mile
EXHIBIT "A"

EXHIBIT "B"

IN REPLY REFER TO:



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 6721
Roswell, New Mexico

February 10, 1956

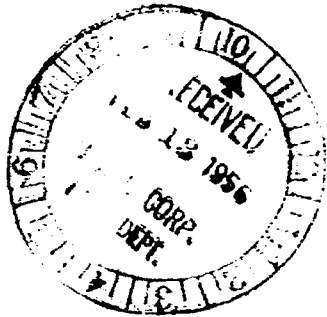
Pacific Northwest Pipeline Corporation
Simms Building
Albuquerque, New Mexico

Attention: Mr. E. N. Richey

Gentlemen:

Your plan of development dated December 30, 1955, for the Cox Canyon Unit Area, New Mexico, for the calendar year 1956 has been approved on this date subject to like approval by the appropriate State of New Mexico officials and subject to the following provisions:


1. The NE $\frac{1}{4}$ sec. 20, T. 32 N., R. 11 W., lying within the Cox Canyon unit area shall be communitized with the NE $\frac{1}{4}$ sec. 20, T. 32 N., R. 11 W., lying outside the unit area to form a 320-acre drilling block.
2. Approval shall be obtained from the New Mexico Oil Conservation Commission for the establishment of two unorthodox spacing units consisting of (a) the SE $\frac{1}{4}$ sec. 8 and the E $\frac{1}{2}$ sec. 17, T. 32 N., R. 11 W., and (b) the E $\frac{1}{2}$ sec. 17, and the W $\frac{1}{2}$ sec. 17, T. 32 N., R. 11 W.



The locations given me informally by Mr. Donald L. Anderson of your office on February 7 for the wells to be drilled on the non-standard gas production units listed in the foregoing appear satisfactory. The well on unit (a) is to be 1309 feet from the south line and 1309 feet from the east line of sec. 8. The well on unit (b) is to be 1540 feet from the north line and 2430 feet from the east line of sec. 17.

One copy of the approved plan is enclosed.

Very truly yours,


JOHN A. ANDERSON
Regional Oil & Gas Supervisor

Enclosure

EXHIBIT "B"

EXHIBIT "C"



R. C. TUCKER, PRES

February 6, 1956

PHONE 2-8241
ADDRESS REPLY TO
BOX 1889
MIDLAND, TEXAS

Re: Cox Canyon Unit Area
Application for Non-Standard
Gas Pro-Ration Units

Pacific Northwest Pipeline Corporation
Simms Building
Albuquerque, New Mexico

Attention: Donald L. Anderson, Land Department

Gentlemen:

This is to advise that it is agreeable with Great Western Drilling Company for you to establish two (2) unorthodox spacing units in the Cox Canyon Unit provided that it is also agreeable with Pubco Development, Inc. Said units to consist of the following described acreage:

Township 32 North, Range 11 West

Section 8: SE/4

Section 17: E/2 E/2

proposed location 1389' from South line and 1309' from East line of Section 8; and

Township 32 North, Range 11 West

Section 17: E/2 W/2 and W/2 E/2

proposed location 1540' from North line and 2430' from East line of Section 17.

Yours very truly,

GREAT WESTERN DRILLING COMPANY

W. L. Brown
Land Department

WLB:mc

cc: Pubco Development, Inc.
P. O. Box 1416
Albuquerque, New Mexico

EXHIBIT "C"

EXHIBIT "D"

PUBCO DEVELOPMENT, INC.

BOX 1419

ALBUQUERQUE, NEW MEXICO

February 7, 1956

TELEPHONE 7 5836
7 8837

Re: Non-Standard Gas Proration
Units-Cox Canyon Unit Area

Pacific Northwest Pipeline Corporation
Simms Building
Albuquerque, New Mexico

Attention: Mr. Donald L. Anderson

Gentlemen:

By letter of February 6, 1956, you have advised that you wish to make application for the establishment for the following two unorthodox spacing units:

(a) Township 32 North, Range 11 West
Section 8: SE $\frac{1}{4}$
Section 17: E $\frac{1}{2}$ E $\frac{1}{2}$

(b) Township 32 North, Range 11 West
Section 17: E $\frac{1}{2}$ W $\frac{1}{2}$, W $\frac{1}{2}$ E $\frac{1}{2}$

You also advised that the following well locations are proposed on these units:

Well #7 - Township 32 North, Range 11 West,
Sec. 17: 1540' from North line, 2430' from
East line.

Well #8 - Township 32 North, Range 11 West,
Sec. 8: 1389' from South line, 1309' from
East line.

This is to advise that this Company has no objections to these non-standard gas units and the locations proposed to be drilled upon them.

Extra copies of this letter are furnished for inclusion with your application to the Oil and Gas Conservation Commission.

Very truly yours,

F. G. Daniell
Land Manager

FGD:tp

cc: Great Western Drilling Company

EXHIBIT "D"

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO
SANTA FE, NEW MEXICO

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 317
ORDER NO. R-110

THE APPLICATION OF THE OIL CON-
SERVATION COMMISSION OF NEW
MEXICO UPON ITS OWN MOTION FOR
AN ORDER AMENDING ORDER NUMBER
799 RELATING TO THE BLANCO POOL,
SAN JUAN COUNTY, NEW MEXICO,
SPECIFICALLY INCLUDING SECTION
4-A CASING AND CEMENTING PROGRAM,
AND OTHER MATTERS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing on October 23, 1951, at 10 a.m., at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter called the "Commission".

NOW, on this 9th day of November, 1951, the Commission, a quorum being present, having considered the testimony adduced and exhibits received at said hearing, 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, of all interested parties, and the subject matter thereof.

(2) That this matter originally came up for hearing on petition of the Blanco Gas Company for an exception to Section 4-A of Order 799, Blanco Pool Casing Requirements, San Juan County, in Case Number 283, which Case Number 283 was dismissed by Commission Order Number R-90.

(3) That evidence submitted and testimony received in Case Number 283 tended to show modification of Order Number 799 is advisable and necessary.

(4) That Order Number 799 relating to the Blanco Pool, in San Juan County, New Mexico, should be amended to provide for the orderly development of the pool as defined and described in Order Number R-89 issued in Case Number 291 and designated as the Blanco (Mesaverde) Pool, and as the pool may hereafter be changed or extended, for the purpose of promoting conservation and preventing waste, and as amended herein, be the special pool rules of the Blanco (Mesaverde) Pool as described in Order Number R-89.

IT IS THEREFORE ORDERED:

(1) That Order Number 799, being the Blanco Pool special rules, as hereinafter amended shall be the rules of the Blanco (Mesaverde) Pool, as said pool is more fully defined and described in Commission Order Number R-89, and as said pool may hereafter be changed, reduced or extended.

(2) That Order Number 799 be, and the same hereby is amended as follows:

That, effective on the date of this order, the following rules and regulations shall apply to wells hereafter drilled or completed or re-completed to the Mesaverde Pool in the Blanco area, defined below, in addition to the Commission's applicable rules, regulations and orders heretofore or hereafter adopted to the extent not to conflict herewith:

Section 1. No well shall be drilled or completed or recompleted and no Notice of Intention to Drill or Drilling Permit shall be approved, unless,

(a) Such well be located on a designated drilling unit of not less than three hundred twenty (320) acres of land, more or less, according to legal subdivision of the United States Land Surveys, in which unit all the interests are consolidated by pooling agreement or otherwise and on which no other well is completed, or approved for completion, in the pool;

(b) Such drilling unit be in the shape of a rectangle except for normal variations in legal subdivisions of the United States Land Surveys, the north half, south half, east half or west half of each section of land constituting a drilling unit;

(c) Such well shall be located 330 feet from the center of either the northeast or southwest quarter of the section, subject to variation of 200 feet for topographic conditions. Further tolerance shall be allowed by the Commission only in cases of extremely rough terrain where compliance would necessarily increase drilling costs.

Section 2. The special rules and regulations for the Blanco (Mesaverde) Pool contained herein shall be limited in their application to the present 4200-5100 foot productive horizon where the productive sands are contained between the top of the Cliff House Sand and the base of the Point Lookout Sand of the Mesaverde.

Section 3. Proration Units: The proration unit shall consist of 320 acres or (a) a legal United States General Land Office Survey half-section and (b) the approximate 320 acre unit shall follow the usual legal subdivision of the General Land Office Section Surveys and (c) where proration units lie along the edge of field boundaries described in Section 1 above, exceptions shall be permissible in that contiguous tracts of approximately 320 acres, following regular United States General Land Office Subdivisions may be classed as proration units.

(a) The pooling of properties or parts thereof shall be permitted, and if not agreed upon may be required in any case when and to the extent that the smallness or shape of a separately owned tract would, under the enforcement of the uniform spacing plan of proration units, otherwise deprive or tend to deprive the owner of such tract of

the opportunity to recover his just and equitable share of the crude petroleum oil and natural gas in the pool; provided, that the owner of any tract that is smaller than the drilling unit established for the field, shall not be deprived of the right to drill on and produce from such tract if same can be done without waste; but in such case the allowable production from such tract, as compared with the allowable production therefrom if such tract were a full unit, shall be in the ratio of the area of such tract to the area of a full unit of 320 acres.

Section 4. Casing and Cementing Program:

A. Surface Pipe:

The surface pipe shall be set to a minimum depth of 100 feet, and where shallow potable water-bearing beds are present, the surface pipe shall be set to such shallow potable water-bearing beds and a sufficient amount of cement shall be used to circulate the cement behind the pipe to the bottom of the cellar. This surface casing shall stand cemented for at least 24 hours before drilling plug or initiating tests. The surface casing shall be tested after drilling plug by bailing the hole dry. The hole shall remain dry for one hour to constitute satisfactory proof of a water shut-off. In lieu of the foregoing test the cement job shall be tested by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory. This test shall be made both before and after drilling the plug. In this regard all fresh waters and waters of present or probable future value for domestic, commercial or stock purposes shall be confined to their respective strata and shall be adequately protected by methods approved by the Commission. Special precaution shall be taken in drilling and abandoning wells to guard against any loss of artesian potable water from the strata in which it occurs and the contamination of artesian potable water by objectionable water, oil or gas. The Commission shall be notified at least 24 hours prior to the conducting of any test.

B. Production String:

The production string shall be set on top of the Cliff House Sand with a minimum of 100 sacks of cement and shall stand cemented not less than 36 hours before testing the casing. This test shall be made by building up a pressure of 1,000 psi, closing the valves, and allowing to stand thirty minutes. If the pressure does not drop more than 100 pounds during that period, the test shall be considered satisfactory.

C. General:

All cementing shall be done by the pump and plug method. Bailing tests may be used on all casing and cement tests, and drill stem tests may be used on cement tests in lieu of pressure tests. In making bailing test, the well shall be bailed dry and remain approximately dry for thirty minutes. If any string of casing fails while being tested by pressure or by bailing tests herein required, it shall be re-cemented and re-tested or an additional string of casing should be run and cemented. If an additional string is used, the same test shall be made as outlined for the original string. In submitting Form C-101, "Notice Intention to Drill", the number of sacks of cement to be used on each string of casing shall be stated.

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Case No. 317
Order No. R-110

D. Rules and Regulations of the Commission relating to drilling, abandonment, production shall be applicable.

Section 5. Tubing:

Any completed well which produces any oil shall be tubed. This tubing shall be set as near the bottom of the hole as practicable, but in no case shall tubing perforations be more than 250 feet from the bottom. The bottom of the tubing shall be restricted to an opening of less than 1 inch or bull-plugged in order to prevent the loss of pressure bombs or other measuring devices.

Section 6. Special Equipment:

Any well which produces oil shall be equipped with a meter setting of adequate size to measure efficiently the gas, with this meter setting to be installed on the gas vent or discharge line. Wellhead equipment for all wells shall be installed and maintained in first class condition, so that static, bottom hole pressures and surface pressures may be obtained at any time by a duly authorized agent of the Commission. Valves shall be installed so that pressures may be readily obtained on the casing and also on the tubing, wherever tubing is installed. All connections subject to well pressure and all wellhead fittings shall be of first class material, rated at 2,000 psi working pressure and maintained in gas-tight condition. Bradenheads rated at 2,000 psi shall be installed on all production string and bradenhead connections maintained in gas-tight condition. There shall be at least one valve on each bradenhead. Operators shall be responsible for maintaining all equipment in first class condition and shall repair or replace equipment where gas leakage occurs.

Section 7. Safety Requirements:

Drilling boilers shall not be set closer than 200 feet to any well or tank battery. All electrical equipment shall be in first class condition and properly installed.

Section 8. Shooting of Wells:

Wells shall not be shot or chemically treated until the permission of the Commission is obtained. Each well shall be shot or treated in such manner as will not cause injury to the sand or result in water entering the oil or gas sand, and necessary precautions shall be taken to prevent injury to the casing. If shooting or chemical treatment results in irreparable injury to the well or to the oil or gas sand, the well shall be properly plugged and abandoned. (See Rule 42, Order Number 4, Effective 8-12-35.)

Section 9. Testing of Pays:

All wells drilled through the Point Lookout Pay will be tested by means of separate back pressure tests in accordance with the methods adopted by the United States Bureau of Mines (Monograph 7) of (a) the Cliff House Pay (b) the Point Lookout Pay (c) both pays commingled with a minimum of three stabilized readings from a total minimum of three different sized orifices.

A. Wells which penetrate the Cliff House Pay only will take minimum of three stabilized tests covering a total of three different sized orifices.

B. The foregoing tests shall be taken either in the process of completion, or in drilling, or by means of packer separations between the Point Lockout and Cliff House Pays after completion. All tests should be certified and filed with the Commission, and the Commission shall be notified at least 24 hours prior to conducting any test.

C. Annual back pressure tests, using total of three different sized orifices, shall be taken in June, July or August on each completed well. Each test must be stabilized and plotted as a straight line function on logarithmic paper as outlined in United States Bureau of Mines Monograph Number 7.

D. Within six months of the effective date of this order, and every six months thereafter, there shall be a meeting of all operators within the Blanco-Mesaverde pool in the Commission Offices in Santa Fe, New Mexico, to present and discuss new information and data gathered subsequent to the effective date of this order. The Commission may discontinue these meetings when in its opinion, the pool has reached a stage of development where such meetings are unnecessary.

Section 10. Protection of Mineral Deposits:

Since the Menefee coal beds bear some gas and since these coal beds are of non-commercial value, Rule 20, Order Number 4 of the Commission dated August 12, 1935, shall not apply to this field.

Section 11. Gas Wastage:

Mesaverde gas shall not be flared since this is principally a gas reservoir and any well not connected to a commercial or domestic taker shall be shut-in until such market is obtained. Wells in this field shall be permitted to produce and market gas, as long as such can be done without waste, equitably between proration units for the field.

Section 12. Bradenhead Gas:

Bradenhead gas shall not be used either directly or expansively in engines, pumps or torches, or otherwise wasted. It may be used for lease and development purposes and - for the development of nearby leases, except as prohibited above. Wells shall not be completed as Bradenhead gas wells unless special permission is obtained from the Commission.

Section 13. Any provision herein to the contrary notwithstanding, the Commission may, and in proper cases will, on petition or on its own motion, by order entered after notice and hearing to the extent required by law, grant exceptions and permit drilling locations to become effective, thereby authorizing the drilling or completion of wells in the pool not conforming to the requirements of Sections 1 through 12 above if the Commission shall find that the property sought to be drilled would be deprived of an opportunity to produce gas from the pool in the absence of such exception, or irrespective of such findings, if the Commission shall find that by reason of all circumstances an exception is proper in the prevention of waste, or undue drainage between properties, or otherwise in the exercise by the Commission of its jurisdiction over the spacing of wells or its order powers conferred by law express or implied.

-6-
Case No. 317
Order No. R-110

Section 14. All additional lands located within one mile of any land in the pool as defined above or as it may be extended shall conform to these rules and regulations; provided, however, that by order of this Commission the pool may be re-designated from time to time so as to embrace other lands in the vicinity which are believed on the basis of additional developments, to be capable of producing gas from the Mesaverde formation, whether or not such other lands shall have been at one time included in another designated field or pool producing from Mesaverde.

IT IS FURTHER ORDERED, That the Commission retain jurisdiction of this case for such other and further order or orders in the premises as may become necessary in order to make spacing and other adjustments and to protect correlative rights and further prevention of waste.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

S/ EDWIN L. MECHEM, Chairman

S/ GUY SHEPARD, Member

S/ R. R. SPURRIER, Secretary

S E A L

LAW OFFICES OF
SIMMS, MODRALL, SEYMOUR, SPERLING & ROEHL
SIMMS BUILDING
ALBUQUERQUE, NEW MEXICO

JOHN F. SIMMS (1885-1954)
J. R. MODRALL
AUGUSTUS T. SEYMOUR
JAMES E. SPERLING
JOSEPH E. ROEHL
GEORGE T. HARRIS, JR.
VANCE MAUNEY
DANIEL A. FISK
WILSON P. HURLEY

~~F. A. ...~~
Examiner Hq.
@ Santa Fe
near movie lot
TM
TELEPHONE 3-4514
POST OFFICE BOX 466

February 13, 1956.

Mr. W. B. Macey,
Secretary and Director,
Oil Conservation Commission,
Box 871,
Santa Fe, New Mexico.

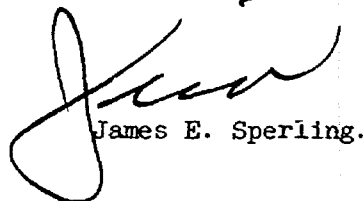
Compt. with Rule 1(a)
P-128 D memo - memo

Re: Pacific Northwest Pipeline Corp.
Application for Establishment of
Unorthodox Gas Proration Units
Township 32 North, Range 11 West,
San Juan County, New Mexico.

Dear Bill,

I am enclosing herewith the application as above identified of Pacific Northwest Pipeline Corporation. You will note that we have requested an examiner hearing with the thought that the action of the Commission might be thereby expedited, since we are too late for the next regular Commission hearing. The application is enclosed in triplicate.

With best regards,


James E. Sperling.

JES/me
encs.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 7, 1956

IN THE MATTER OF:

Case No. 1026

TRANSCRIPT OF PROCEEDINGS

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

HEARING DATE March 7, 1956 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION
Donald L. Anderson	Pacific Northwest Pipeline Corp.	Albuquerque
James T. Sperling	" " "	" " "
Ernest K. Kuebler	Monsanto Chemical Co.	Roswell, N.M.
A. T. Leisk	Monsanto Chemical Co.	Roswell, N.M.
Billy B. Phipps	Monsanto Chemical Co.	Roswell, N.M.
J. W. Kase	" " "	Midland, Texas
B. H. Boswin	" " "	Albuquerque, N.M.

BEFORE THE
OIL CONSERVATION COMMISSION
March 7, 1956
Santa Fe, New Mexico

Application of Pacific Northwest Pipeline Corporation for an order granting approval of a non-standard unit in exception to Rule 1 (a) of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, as set forth in Order R-128-D, and for an order granting approval of an unorthodox well location in exception to Section 1(c) of Commission Order R-110 as amended by Order R-397.

Applicant, in the above-styled cause, seeks an order approving a non-standard gas proration unit consisting of Lots 1 and 2 and S/2 SE/4 of fractional Section 8, and the E/2 E/2 of Section 17, Township 32 North, Range 11 West, San Juan County, New Mexico, containing approximately 328.2 acres, and an order granting an unorthodox location for applicant's well to be located 1389 feet from the South line and 1309 feet from the East line of said fractional Section 8.

Case No. 1026

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case on the docket is Case No. 1026, the application of Pacific Northwest Pipeline Corporation for an order granting approval of a non-standard unit in exception to the Rules of the Blanco-Mesaverde Gas Pool. Do you have witnesses in this case?

MR. SPERLING: Yes. My name is James E. Sperling, attorney from Albuquerque, New Mexico, appearing on behalf of Pacific Northwest Pipeline Corporation, the applicant in this matter. My witness is Donald L. Anderson, of the Land Department, Pacific Northwest Pipeline Corporation, also of Albuquerque, may Mr. Anderson be sworn please.

DONALD L. ANDERSON

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

DIRECT EXAMINATION

By MR. SPERLING

Q. Mr. Anderson, the application that has been filed herein by Pacific Northwest Pipeline Corporation has attached to it as Exhibit "A", a plat reporting to represent the ownership of the leasehold interests in the vicinity of the area covered by application for the unorthodox proration unit. Those units being Lots 1 and 2 and the S/2 SE/4 of fractional Section 8, and the E/2 E/2 of Section 17, Township 32 North, Range 11 West, containing approximately 328.2 acres. Is that Exhibit "A" as attached to the application a true indication of the leasehold interest ownership in the vicinity of the area covered by the application?

A. It is, yes, sir.

Q. And that has been confirmed by your company records?

A. Yes, sir, it has.

Q. State, Mr. Anderson, whether or not the application under consideration was filed pursuant to the suggestion of the Director-Secretary of the Oil Conservation Commission?

A. Yes, sir. We received a letter from the Oil Conservation Commission which requested that the two unorthodox---the non-standard proration unit be formed in this manner.

Q. And that letter came in response to a proposed plan of development for the Cox Canyon Unit Area, submitted pursuant to requirements?

A. For the calendar year 1956, yes, sir.

Q. Is---do you have a copy of that letter from the Commission?

A. Yes, sir, I do.

Q. You have already identified and stated this Exhibit "A" as being a plat indicating the area covered by the proposed application and indicating ownership in the area and also indicating the present existence of an unorthodox gas spacing unit granted pursuant to the application of Great Western Drilling Company. Is that correct?

A. That's correct, yes.

Q. I would like to offer this in evidence.

MANKIN: Is there objection to offering Exhibit "A" in evidence? If not, it will be so entered.

Q. The letter marked Exhibit "E" for identification is the letter to which I referred previously as having been received by Pacific Northwest Pipeline Corporation from the New Mexico Oil Conservation Commission suggesting the establishment of unorthodox gas spacing units?

A. Yes, sir, it is. Attached to that letter is the copy of the application for the 1956 Plan of Development, with the approval of the Oil Conservation Commission thereon subject to the letter in which they suggest the lands of the non-standard gas proration unit.

Q. You mean, the area be included within the non-standard gas proration unit?

A. That's correct, yes, sir.

MANKIN: Is there objection to entering Exhibit "E" in evidence? If not it will be so entered.

Q. Would you state for the record, Mr. Anderson, the proposed well location so far as the area covered by the present application is concerned?

A. The well is scheduled to be drilled in approximately the center of the----- what might be called the E/2 of fractional Section 8 or the SE/4 of Section 8. The footage location for that well is to be 1389 feet from the South line and 1309 feet from the East line of that fractional Section 8, Township 32 North, Range 11 West.

Q. In addition to the fractional Section 8 area described by you, what other area is covered by this application?

A. The E/2 E/2 of Section 17, Township 32 North, Range 11 West.

Q. Containing an area of 328.2 acres?

A. That's correct, yes.

Q. Can you state whether or not consent has been obtained from contiguous owners of leasehold interest in the area and state who those owners are?

A. The non-standard gas proration unit that was authorized by the Oil Conservation Commission is immediately to the west of the land subject of this application is on-----the interests are owned by Pubco Development, Inc. and Great Western Drilling Company. We have obtained letters from both companies in which they approve our application.

Q. Can you identify these as copies of those letters and as copies of the same letters attached to the application?

A. Yes, sir, they are. Exhibit "C" is noted here as the letter from Great Western Drilling Company, in which they state that it is agreeable with them. That is the formation of these non-standards.

Q. And the other letter?

A. The other letter noted as Exhibit "D" is a letter from Pubco Development, Inc., who also advised that they are agreeable to the formation of the proposed unit.

MANKIN: Do you wish to offer these Exhibits in evidence?

MR. SPERLING: Yes.

MR. MANKIN: Is there objection to the offering of Exhibits "C" and "D" as evidence? If not they will be so entered.

MR. SPERLING: State Mr. Anderson whether or not the United States Geological Survey has been advised of the proposed unorthodox spacing unit and the reaction of that agency?

A. We, of course have sent the USGS a copy of the 1956 Cox Canyon Plan of Development and they had advised them of the plan of forming the non-standard gas proration unit. The United States Geological Survey has advised us that they approve the Plan of Development providing the non-standard gas proration units are formed in accordance therewith and they state that the well location is satisfactory.

Q. Is that reflected in the letter from that agency directed to your company, marked Exhibit "B", and attached to the application, and which I hand you?

A. Yes, sir, it is.

Q. We offer it in evidence.

MANKIN: Is there objection to entering Exhibit "B" in this case? If not it will be so entered.

Q. Now the application as originally filed, Mr. Anderson, covered in addition to the acreage that you have previously described and I have previously described and as is described in the docket--covered the E/2 W/2 and the W/2 E/2 of Section 17, Township 32 North, Range 11 West. Can you advise us as to what action has been taken with reference to that application?

A. We have received a letter from the New Mexico Oil Conservation Commission signed by Mr. Macey, the Secretary-Director, stating that inasmuch as the waivers were enclosed with the application, there was authority granted the Secretary-Director, under the provisions of Rule 1, Section (b)-4 of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool as set forth in Order R-128-D that he was authorized to approve the non-standard gas proration unit that you described.

Q. Mr. Anderson, in your opinion is it necessary that the unorthodox spacing unit proposed be approved in order to allow the applicant to recover his fair share of the common source of supply underlying the area?

A. Yes, sir, it is.

MR. SPERLING: That's all I have.

MANKIN: To further clarify the record, the letter in which you were granted a unit for the E/2 of the W/2 and W/2 E/2 of Section 17 as a 320-acre unit, that was granted as Order NWU-162, an administrative order, is that correct?

A. Yes, sir, that's correct.

MR. MANKIN: And it was for Cox Canyon Unit No. 7-17?

A. That's correct, yes, sir. That well number.

MR. MANKIN: Also as a result of this application was Pacific Northwest Pipeline Corporation granted authority to go ahead and drill the well in question, in this particular case? I believe it was Well No. 8-8 Cox Canyon Unit pending the outcome of this case.

A. Yes, sir, it has.

MANKIN: In other words, you were given temporary approval for going ahead?

A. That's true, yes, sir.

MR. MANKIN: So in this particular case you requested a non-standard location because of the fractional sections near each of these units and the non-standard unit?

A. Yes, sir, that is correct.

MR. UTZ: Mr. Anderson is the royalty and working interest common under this non-standard unit?

A. There are two federal leases involved---yes, sir, I see----the non-standard proration unit, the subject of this application-----yes, sir, that is true.

MR. UTZ: Can you tell me if-----

A. I beg your pardon, may I correct that. The portion of the non-standard gas proration unit in Section 17, that is the E/2 E/2 is a federal lease separate and apart from that of Section 8. The federal lease in Section 17 is New Mexico 03190. The federal lease in Section 8 is New Mexico 03189.

MR. UTZ: But they are both federal leases?

A. Yes, sir, they are both federal leases.

MR. UTZ: Do you know---can you tell me whether Cox Canyon---the Cox Canyon Unit is 100% participation, whether the royalty interests are 100%?

A. Yes, sir, they are. The participating areas have been established for the entire unit---to include the entire unit.

MR. UTZ: In regard to the N/2 of Section 20 in 32-11, and the W/2 of Section 28 in 32-11, can you tell me what your intentions are in regard to proration units for those areas?

A. The W/2 of Section 28 has been communitized and the well is drilling or perhaps completed now, I am not sure just which. We are in the process now of forming the communitization agreement for the N/2 of Section 20. That has not been accomplished at this time.

MR. UTZ: Then you will have no more non-standard units insofar as irregularities of Cox Canyon Unit are concerned?

EXHIBIT "D"

PUBCO DEVELOPMENT, INC.

BOX 1419

ALBUQUERQUE, NEW MEXICO
February 7, 1956

TELEPHONE 7 8836
7 8837

Re: Non-Standard Gas Proration
Units-Cox Canyon Unit Area

Pacific Northwest Pipeline Corporation
Simms Building
Albuquerque, New Mexico

Attention: Mr. Donald L. Anderson

Gentlemen:

By letter of February 6, 1956, you have advised that you wish to make application for the establishment for the following two unorthodox spacing units:

(a) Township 32 North, Range 11 West
Section 8: ~~S₁~~
Section 17: ~~E₁W₂~~

(b) Township 32 North, Range 11 West
Section 17: ~~E₁W₂, W₂~~

You also advised that the following well locations are proposed on these units:

Well #7 - Township 32 North, Range 11 West,
Sec. 17: 1540' from North line, 2430' from
East line.

Well #8 - Township 32 North, Range 11 West,
Sec. 8: 1389' from South line, 1309' from
East line.

This is to advise that this Company has no objections to these non-standard gas units and the locations proposed to be drilled upon them.

Extra copies of this letter are furnished for inclusion with your application to the Oil and Gas Conservation Commission.

Very truly yours,

F. G. Daniell
Land Manager

FGD:tp

cc: Great Western Drilling Company

EXHIBIT "D"

BEFORE THE
OIL AND GAS CONSERVATION
COMMISSION
2799
1020
CASE _____

Case 7026

I recommend that this case
be allowed as applied for.
The record will show that
the N/27 sec. 20 and the
N/27 28 is being commu-
nitized and there will be
no further reason for non-
standard units due to this
unit.

John A. [Signature]

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1026
Order No. R-784

THE APPLICATION OF PACIFIC
NORTHWEST PIPELINE CORPORATION
FOR AN ORDER GRANTING AN APPROVAL
OF AN EXCEPTION PURSUANT TO RULE
1 (a) OF THE SPECIAL RULES AND
REGULATIONS FOR THE BLANCO-
MESAVERDE GAS POOL AS SET FORTH IN
ORDER R-128-D IN THE ESTABLISHMENT
OF A NON-STANDARD GAS PRODUCTION UNIT
CONSISTING OF 328.2 CONTIGUOUS ACRES
AND IN ADDITION AN ORDER IN EXCEPTION
TO RULE 1 (c) OF ORDER R-110 AS
AMENDED BY ORDER R-397, GRANTING
APPROVAL OF AN UNORTHODOX LOCATION
THEREON. SAID NON-STANDARD UNIT TO
CONSIST OF LOTS 1 AND 2 AND THE
S/2 OF THE SE/4 OF FRACTIONAL SECTION
8, AND THE E/2 E/2 OF SECTION 17,
TOWNSHIP 32 NORTH, RANGE 11 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. at Santa Fe, New Mexico on March 7, 1956, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico, in accordance with Rule 1214 of Order R-681.

NOW, on this 16th day of April 1956, the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", a quorum being present, having considered said application and the evidence adduced and the recommendations of the Examiner, Warren W. Mankin, 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 applicant, Pacific Northwest Pipeline Corporation is the owner of federal oil and gas leases in San Juan County, New Mexico, a portion of the land consisting of other than a legal section and described as follows, to-wit:

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
lots 1 and 2 and S/2 SE/4 of fractional Section 8
S/2 E/2 of Section 17

containing 328.2 acres.

(3) That applicant, Pacific Northwest Pipeline Corporation proposes to drill its Cox Canyon Unit Well No. 8-8 on the aforesaid leases, said well to be located 1389 feet from the South line and 1309 feet from the East line of fractional Section 8, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

(4) That it is impractical to pool applicant's said lease with adjoining acreage in the Blanco Mesaverde Gas Pool, and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 328.2 acres and the unorthodox location thereon.

(5) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Blanco Mesaverde Gas Pool.

(6) That the creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Pacific Northwest Pipeline Corporation for the approval of a non-standard gas proration unit consisting of the following described acreage in San Juan County, New Mexico.

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
Lots 1 and 2 and S/2 SE/4 of fractional Section 8
E/2-E/2 of Section 17

consisting of 328.2 acres, be and the same is approved and a proration unit consisting of the aforesaid acreage is hereby created.

(2) That upon completion, applicants aforementioned well shall be granted an allowable in the proportion that the above described 328.2 acre unit bears to the standard proration unit for the Blanco Mesaverde Gas Pool, all until further order of the Commission.

IT IS FURTHER ORDERED:

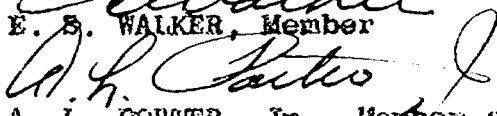
That Pacific Northwest Pipeline Corporation, be and the same is hereby granted an approval for an unorthodox location for its proposed well to be known as Cox Canyon Unit Well No. 8-8 to be drilled 1389 feet from the South line and 1309 feet from the East line of fractional Section 8, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico in the Blanco Mesaverde Gas Pool.

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


A. L. PORTER, Jr., Member and Secretary

