

CASE 1248: El Paso Nat. Gas Products Co.
Application for unorthodox gas well location
for its Chimney Rock #1 Well, 23-31N-17W.

Case No.

1388

Application, Transcript,
Small Exhibits, Etc.

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 26, 1958

IN THE MATTER OF: Case No. 1388

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

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The application of El Paso Natural Gas Products Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox gas well location for its Chimney Rock No. 1 Well located 1880 feet from the South line and 240 feet from the East line of Section 23, Township 31 North, Range 17 West, in an undesignated Gallup gas pool in San Juan County, New Mexico.

Case 1388

TRANSCRIPT OF PROCEEDINGS

Case 1388: In the matter of the application of El Paso Natural Gas Products Company for an unorthodox gas well location.

MR. SPANN: Show appearances of Charles C. Spann of Grantham, Spann and Sanchez, 904 Simms Building, for the Applicant, El Paso Natural Gas Products Company, and Mr. Ewell N. Walsh, likewise, with El Paso Natural Gas Products Company. Mr. Walsh has not been sworn.

(Witness sworn.)

WHEEL N. WALSH

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

DEARNEY EXAMINATION

By MR. SPANN:

Q Mr. Walsh, for the record will you state your name, your occupation and profession, your employment and your residence?

A My name is Ewell M. Walsh. I am division petroleum engineer for the El Paso Natural Gas Products Company, Farmington, New Mexico. I reside at Farmington, New Mexico.

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

A I have.

MR. SPANN: I will tender Mr. Walsh as an expert and request that his qualifications be admitted.

MR. UTZ: They are accepted.

Q Mr. Walsh, you filed an application here for an unorthodox gas well location for your Chimney Rock Well No. 1, located in Section 23, Township 31 North, Range 17 West, San Juan County, New Mexico. Are you familiar with that well and that location?

A I am.

Q Are you familiar with the surrounding leasehold interest?

A I am.

Q Do you have a plat showing that location?

A I do.

MR. SPANN: May we have that marked as Exhibit No. 1?

(El Paso's Exhibit No. 1
marked for identification.)

Q Directing your attention to Exhibit No. 1, Mr. Walsh, does that correctly reflect the location of your Chimney Rock Well No. 1 in Section 23, and also the surrounding leasehold interest?

A It does.

MR. SPAMM: I would like to offer in evidence Applicant's Exhibit No. 1.

MR. UTZ: Is there objection to the entrance of Applicant's Exhibit No. 1? If not, it will be entered.

Q Referring to that exhibit, Mr. Walsh, who owns the surrounding acreage or who is the owner of the leasehold interest?

A In the northeast quarter of Section 23 and north half of 24, Magnolia Petroleum Company; northwest quarter of Section 23, south half of 23, south half of 24, all of Section 25, all of Section 26, El Paso Natural Gas Products Company.

Q Did you notify Magnolia of this application and the hearing on it?

A They have been notified by registered mail and return receipts have been received.

Q Did you file your well location and acreage dedication plat with the Commission?

A It has been filed.

Q What acreage is dedicated to that well?

A 40 acres, the southeast quarter of Section 23.

Q In connection with that well, Mr. Walsh, was it drilled as an oil or gas well initially?

A Initially it was drilled for oil.

Q Has it been completed?

A It has been completed.

Q As what kind of a well?

A As a gas well.

Q Can it be produced as an oil well?

A No, it's producing gas only, no liquids at all.

Q Are you familiar with the production from that well?

A Yes, I am.

Q Do you have records and figures on that?

A The date of first production on this well as reported to the New Mexico Oil and Gas Commission was December 12, 1957.

During the month of December it produced 1,336,000 cubic feet of gas. January, 2,185,000 cubic feet of gas. February, the first week, which is all the production we have on record, 1,141,000 cubic feet, for a total of 4,662,000 cubic feet.

Q In what formation is that well completed?

A In the Gallup.

Q Is that a recognized oil producing formation in the San Juan Basin?

A It is.

Q Now, assuming this application were denied and this well was not produced, what would be the situation as far as your lease is concerned?

A We would have to drill a well on the proper footage for a

gas well in order to hold the lease.

Q Incidentally, are you familiar with the surrounding production?

A Yes.

Q How far is the nearest production to this well?

A The nearest production is approximately seven miles to the southeast, being the Horseshoe Canyon-Gallup Oil Pool.

Q This is a wildcat?

A Right. Yes, it is.

MR. SPANN: I believe that's all we have.

MR. UTZ: Are there questions of the witness?

CROSS EXAMINATION

By MR. UTZ:

Q Mr. Walsh, this well was drilled 340 feet from the East line of Section 23, is that correct?

A Correct.

Q That would have been a standard oil location?

A It would.

Q What is the closest Gallup gas well to this area?

A Gallup gas?

Q Yes.

A To my knowledge there is one to the northeast.

Q There's one to the northeast?

A And also we have one of our wells to the northwest.

Q Were those wells drilled before or after this well?

A After. I'm not so sure on the first one. I believe it was drilled about the same time. The second well of ours was drilled after this well.

Q Are you familiar with this plat--

A Yes.

Q -- that the Oil Commission puts out?

A Yes.

Q To show standard locations for oil and gas wells?

A I am.

Q How much farther east would you have had to move the well to be a standard oil or gas well?

A East, would have to be 450 feet further. East or west you mean?

Q West, I mean.

A 450 feet further.

Q Would that have been an unreasonable distance to have moved this well so that it would have been a standard location of either oil or gas?

A This location was placed as such due to the interpretation from our company geologist in that they were trying to find the best possible position for the well for production.

Q What was the basis of that?

A On information they have on that area, as far as formations.

Q Size information, contours?

A Contours have been extrapolated from the Horseshoe Canyon-

Callup area into this area.

Q To have it down within 450 feet, they were pretty sure of themselves?

A Well, they were trying to get as close to it as they could

Q You are aware of the fact that there is a place in the quarter section where a wildcat well can be drilled, where it will be an orthodox oil or gas location?

A Yes.

MR. UTZ: Any other questions of the witness? If no further questions, the witness may be excused.

(Witness excused.)

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

* * * * *

CERTIFICATE

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, 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 March, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My commission expires:

June 19, 1959.

I do hereby certify that the foregoing is a correct record of the proceedings in the case of State vs. 1388, heard at Albuquerque, N.M. on July 26, 1958.
Glenn A. Meier Notary
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 17, 1958

C
O
P
Y

Mr. Charles C. Spann
P.O. Box 1031
Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, El Paso Natural Gas Products Company, we enclose two copies of Order R-1134 issued March 13, 1958, by the Oil Conservation Commission in Case 1388, which was heard on February 26th at Santa Fe.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

bp
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. 1388
Order No. R-1134

APPLICATION OF EL PASO NATURAL GAS
PRODUCTS COMPANY FOR APPROVAL OF AN
UNORTHODOX GAS WELL LOCATION IN AN
UNDESIGNATED GALLUP GAS 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 26, 1958, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 13th day of March, 1958, 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, El Paso Natural Gas Products Company, is the owner and operator of the Chimney Rock No. 1 Well, which was drilled to and completed as a gas well in the Gallup formation at a point 1880 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, NHPM, San Juan County, New Mexico.

(3) That under the terms of Rule 104 (b) of the Commission Rules and Regulations, the location of the said Chimney Rock No. 1 Well is orthodox for an oil well completion, but unorthodox for a gas well completion.

(4) That the applicant expected to discover oil in the Gallup formation underlying the NE/4 SE/4 of said Section 23 and that the said Chimney Rock No. 1 Well was therefore projected as an oil well.

(5) That upon completion the said Chimney Rock No. 1 Well proved to be a gas well rather than an oil well.

(6) That the applicant, by its application in this case requests approval of the unorthodox gas well location for its said Chimney Rock No. 1 Well.

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Case No. 1398
Order No. R-1134

(7) That approval of the subject application will not cause waste nor impair the correlative rights of any other operator in the area.

(8) That unless the subject application is approved, the applicant will be denied the opportunity to recover its just and equitable share of the gas in place in the Gallup formation underlying the NE/4 SE/4 of said Section 23.

(9) That the subject application should be approved.

IT IS THEREFORE ORDERED:

That the unorthodox gas well location of the El Paso Natural Gas Products Company Chimney Rock No. 1 Well in an undesignated Gallup gas pool at a point 1880 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, ~~WMDW~~, San Juan County, New Mexico, ~~be and the same is hereby~~ approved.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

E. L. Mechem

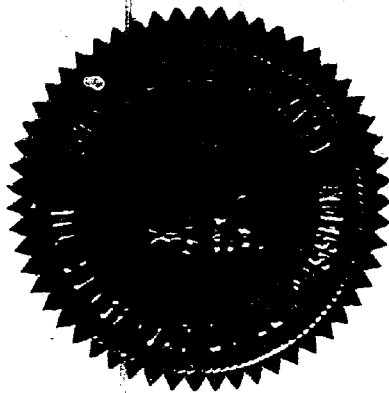
EDWIN L. MECHEM, Chairman

M. E. Morgan

MURRAY E. MORGAN, Member

A. L. Porter, Jr.

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



ir/

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 2-29-58

CASE NO. 1388

HEARING DATE 2-26-58

My recommendations for an order in the above numbered case(s) are as follows: ^{undesignated} ~~well~~

1. Application ~~be~~ approved for a non-~~hd.~~ ^{undesignated} gas well location ~~to be~~ located 1880/5; 340/E of Sec. 23 - ~~13~~ 31N-17W. San Juan County.
2. Applicant could have drilled the well 450 ft. to the west ~~and~~ which location would have been a std. Oil or Gas location.
3. No other oil well locations should be approved in this area.

Thos. H. [Signature]
Staff Member

CASE 1387: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate federal leases. Applicant, in the above-styled cause, seeks an order granting permission to produce the following described leases in the West Henshaw-Grayburg Pool into common storage:

Taylor Federal lease consisting of Lots 9, 10, & 11 of Section 4;

Spencer Federal "A" Lease consisting of Lots 13, 14, 15 & 16 of Section 4;

all in Township 16 South, Range 30 East, Eddy County, New Mexico. Applicant proposes to continuously meter the production from each lease.

CASE 1388: In the matter of the application of El Paso Natural Gas Products Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox gas well location for its Chimney Rock No. 1 Well located 1880 feet from the South line and 340 feet from the East line of Section 23, Township 31 North, Range 17 West, in an undesignated Gallup gas pool in San Juan County, New Mexico.

CASE 1389: In the matter of the application of Skelly Oil Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order approving the unorthodox oil well location of its C. W. Roberts Well No. 3 located 1190 feet from the South line and 1450 feet from the East line of Section 18, Township 25 North, Range 3 West, in an undesignated Dakota oil pool in Rio Arriba County, New Mexico.

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DOCKET: EXAMINER HEARING FEBRUARY 26, 1958

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

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

- CASE 1382: In the matter of the application of Buffalo Oil Company to amend Order No. 821. Applicant, in the above-styled cause, seeks an order amending Order No. 821 to permit simultaneous production from the Grayburg-San Andres pay of the Maljamar Field from the Baish "A" Well No. 15 and Baish "A" Well No. 21, located in the NE/4 of the SW/4 of Section 21, Township 17 South, Range 32 East, Lea County, New Mexico.
- CASE 1383: Application of Forest Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State "A" No. 1 Well located 660 feet from the North line and 660 feet from the East line of Section 26, Township 16 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wolfcamp formation adjacent to the Kemnitz Wolfcamp Pool through the casing-tubing annulus, and to permit the production of oil from an undesignated Pennsylvanian oil pool through the tubing.
- CASE 1384: In the matter of the application of Amerada Petroleum Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing an oil-gas dual completion for its State BTO No. 1 Well, located 990 feet from the South line and 2310 feet from the East line of Section 34, Township 11 South, Range 33 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bagley-Pennsylvanian (oil) Pool and the production of gas from the Bagley-Lower Pennsylvanian Gas Pool through parallel strings of tubing.
- CASE 1385: In the matter of the application of Gulf Oil Corporation for permission to produce more than eight wells into a common tank battery. Applicant, in the above-styled cause, seeks an order granting permission to produce a maximum of sixteen oil wells in the Eumont Gas Pool into a common tank battery on its Arnott-Ramsay "D" Lease comprising All of Section 33, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 1386: In the matter of the application of Shell Oil Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks an order granting permission to commingle the production from the following described leases in the Monument Pool:
- Cooper "A" Lease, NW/4 NE/4 Section 4;
Cooper "B" Lease, N/2 NW/4 and SW/4 NW/4 Section 4;
- all in Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate the individual lease production on the basis of monthly well tests.

Cace 1388

NEW MEXICO
OIL CONSERVATION COMMISSION
P. O. Box 871
Santa Fe, New Mexico

El Paso Natural Gas Products Company
P.O. Box 1161
El Paso, Texas

Date February 5, 1958

ATTENTION: R. L. Hamblin

Gentlemen:

Your application for approval of the unorthodox gas well location of
your Chimney Rock No. 1 Well in Section 23, Township 31 North, Range 17 West,
NMPM, San Juan County, New Mexico

dated received January 31, 1958 has been received, and has been tentatively
scheduled for hearing before an examiner on
February 26, 1958

A copy of the docket will be forwarded to you as soon as the matter is advertised.

Very truly yours,

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

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*Docket Mailed 2-17-58
B P*



Magnolia Petroleum Company

A Socony Mobil Company

Legal Department

P. O. BOX 900 • DALLAS 21, TEXAS

February 20, 1958

CHARLES B. WALLACE
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FLOYD B. PITTS
WILLIAM S. RICHARDSON
WILLIAM H. TABB
JACK VICKREY
ASSISTANTS

*Magnolia
Petroleum*

*1388
case file*

Re: Case No. 1388
Application of El Paso Natural Gas
Products Company for Unorthodox Location,
#1 Chimney Rock, Chimney Rock Area,
San Juan County, New Mexico

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Please refer to application of El Paso Natural Gas Products Company for approval of an unorthodox well location for their #1 Chimney Rock well, which is scheduled for hearing February 26, 1958. Magnolia Petroleum Company is an interested party by virtue of owning the north offsetting lease, and we request the Commission to grant the request of El Paso Natural Gas Products Company and that an order be issued approving said well in said location for the production of gas as requested.

Very truly yours,

Jack Vickrey
Jack Vickrey
Attorney

JV:jt

cc: H. H. Beeson
R. D. Myers, Jr.

El Paso Natural Gas Products Company
P. O. Box 997
Farmington, New Mexico
Attn: Mr. R. L. Hamblin

RECEIVED
1927 JUL 11 11:30

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
EL PASO NATURAL GAS PRODUCTS COMPANY)
FOR THE ESTABLISHMENT OF AN UNORTHODOX)
LOCATION FOR CHIMNEY ROCK #1 WELL LO-)
CATED 1880 FEET FROM THE SOUTH LINE AND)
340 FEET FROM THE EAST LINE OF SECTION)
23, TOWNSHIP 31 NORTH, RANGE 17 WEST,)
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO)

CASE NO. 1388

3 mi NW of Gallup

A P P L I C A T I O N

COMES NOW, El Paso Natural Gas Products Company, hereinafter called
"Applicant", and alleges and states:

1. That Applicant is the owner and operator of oil and gas leases covering Section 23, Township 31 North, Range 17 West, N.M.P.M., San Juan County, New Mexico.
2. That heretofore, Applicant has drilled its Chimney Rock #1 Well on said section at a location 1880 feet from the South line 340 feet from the East line of said Section 23, as indicated by the plat which is attached hereto and made a part hereof.
3. That said well was originally staked as a standard wildcat oil well location, but was subsequently completed as a gas well in the Gallup Formation in an undesignated gas field.
4. That this application is made for the prevention of waste and the drilling of unnecessary wells and the granting of the Order prayed for herein will not prejudice correlative rights.
5. Applicant seeks an order, pursuant to Rule 104 (b) (2) approving said well in said location for the production of gas.
6. No other interested party is known to the Applicant except Magnolia Petroleum Company to whom a copy of this Application is being sent by Registered Mail.

WHEREFORE, Applicant respectfully requests that an Order be issued setting this matter down for hearing at the earliest possible date, before an Examiner, and that notice thereof be given as required by law, and that upon final hearing, an Order be issued approving said well in said location for the production of gas.

R. L. Hamblin
R. L. HAMBLIN
Manager, Land Department
EL PASO NATURAL GAS PRODUCTS
COMPANY

E.P.N.G. PRODUCTS CO. MAGNOLIA PET CO. MAGNOLIA PETROLEUM CO.
 23 --- 24
 CHIMNEY ROCK
 OK
 1860
 1540
 750 ft.
 E.P.N.G. PRODUCTS CO.
 E.P.N.G. PRODUCTS CO.
 26 25

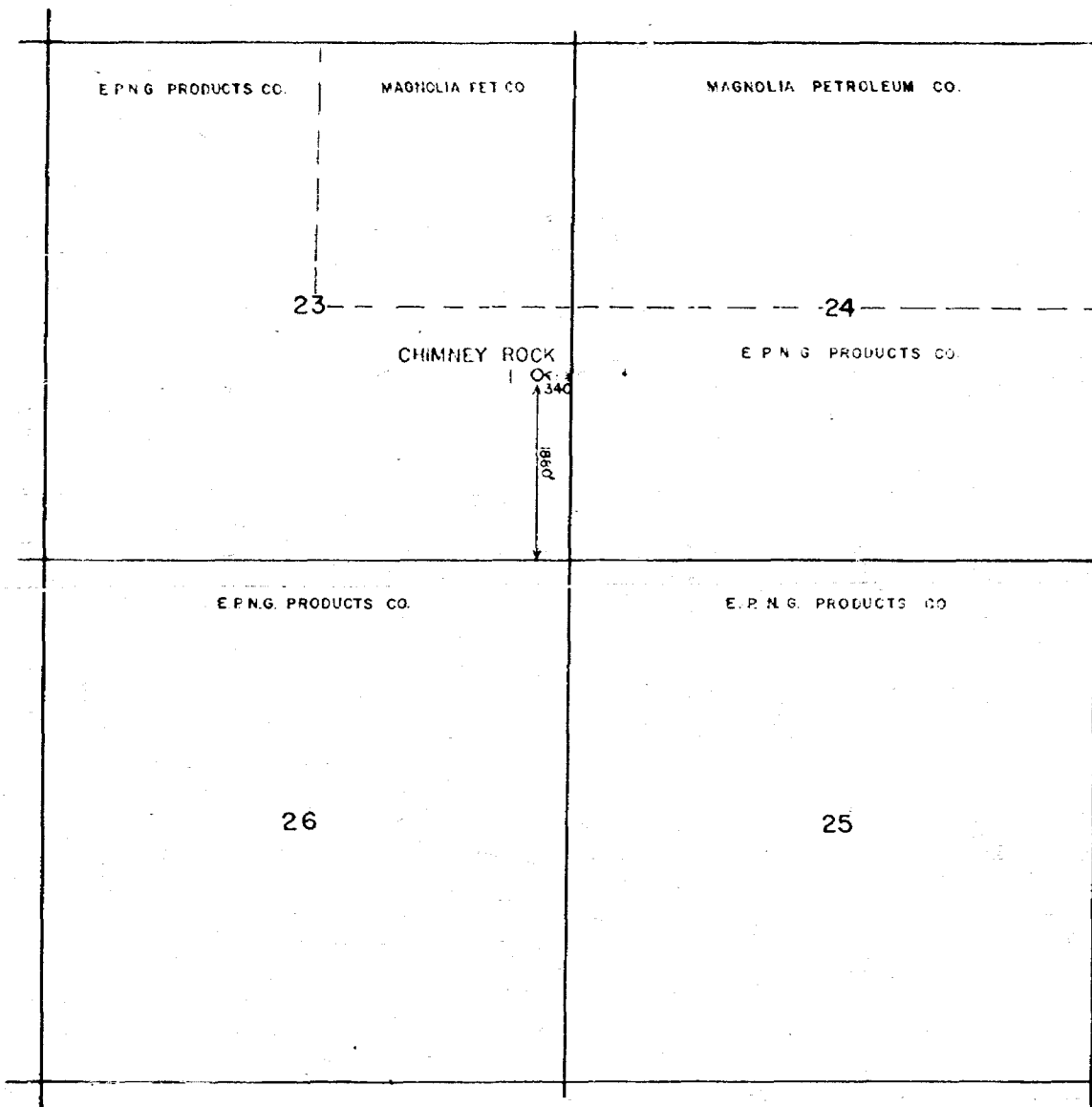
EL PASO NATURAL GAS PRODUCTS CO.

PLAT ACCOMPANYING APPLICATION FOR

UNORTHODOX GAS WELL LOCATION

CHIMNEY ROCK NO. 1

R - 17 - W



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31
N

EL PASO NATURAL GAS PRODUCTS CO.

SCALE 3" = 1 mile

PLAT ACCOMPANYING APPLICATION FOR

UNORTHODOX GAS WELL LOCATION

CHIMNEY ROCK NO. 1

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

E. Pasolund EXHIBIT No. 1
CASE 1388