

CASE 3000: Appli. of Franklin,  
Aston & Fair Inc. for the creation  
of a San Andres Gas Pool & Rules.

*[Handwritten signature]*

CASE No.

3000

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 19, 1964

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 2991: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Dwight L. Smith and all other interested parties to appear and show cause why the Walker Well No. 1, located 2290 feet from the South line and 500 feet from the East line of Section 21, Township 15 South, Range 11 East, Otero County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.
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- CASE 2993: Application of Sinclair Oil & Gas Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southwest Jal Unit Area comprising 6401 acres, more or less, of State, Federal and fee lands in Townships 25 and 26 South, Range 36 East, Lea County, New Mexico.
- CASE 2994: Application of Skelly Oil Company for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the Gallup formation underlying its Navajo "P" and "M" leases in Sections 25, 26, 33, 34, 35, and 36, Township 32 North, Range 17 West, Many Rocks-Gallup Oil Pool, San Juan County, New Mexico. Initial injection will be through applicant's Navajo "P" Well No. 6 located in Unit P of said Section 35. Applicant further seeks the promulgation of special rules governing the operation of said project.
- CASE 2995: Application of Deane H. Stoltz for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units in the North Bagley-Upper Pennsylvanian Pool, Lea County, New Mexico, the first to comprise the SE<sup>1</sup>/<sub>4</sub> NE<sup>1</sup>/<sub>4</sub> and NE<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of Section 22, Township 11 South, Range 33 East, to be dedicated to a well completed in the SE<sup>1</sup>/<sub>4</sub> NE<sup>1</sup>/<sub>4</sub> of Section 22; the second to comprise the SW<sup>1</sup>/<sub>4</sub> NE<sup>1</sup>/<sub>4</sub> and the NW<sup>1</sup>/<sub>4</sub> SE<sup>1</sup>/<sub>4</sub> of

CASE 2995: said Section 22 to be dedicated to a well to be re-entered  
(Cont.) in the SW/4 NE/4 of said Section 22.

CASE 2984: (Continued from the February 5th Examiner Hearing)

Application of The Pure Oil Company and Continental Carbon Company to utilize natural gas in a carbon black plant, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to utilize approximately 7 million cubic feet of Morrow gas per day in the Continental Carbon Company carbon black plant near Eunice, New Mexico, said gas to be produced from The Pure Oil Company Wilson Deep Unit Well No. 1, located in the SE/4 NW/4 of Section 13, Township 21 South, Range 34 East, Lea County, New Mexico.

CASE 2996: Application of Nearburg & Ingram for the creation of a new gas pool and for special temporary pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for San Andres production in Sections 10, 11, 12, 13, 14 and 15, Township 8 South, Range 37 East, Roosevelt County, New Mexico, and for the establishment of temporary rules therefor, including provisions for 320 acre spacing.

CASE 2739: (Reopened)

In the matter of Case No. 2739 being reopened pursuant to the provisions of Order No. R-2421, which order established temporary 80-acre proration units for the North Vacuum-Abo Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2740: (Reopened)

In the matter of Case No. 2740 being reopened pursuant to the provisions of Order No. R-2422, which order established temporary 80-acre proration units for the Vacuum-Wolfcamp Oil Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

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CASE 2998: Application of Tenneco Oil Company for a gas well-water injection well, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Central Totah Unit Well No. 24 located in Unit O of Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico, to produce gas from the Basin-Dakota Gas Pool through 1  $\frac{1}{2}$  inch tubing and to inject water into the Gallup formation, Totah-Gallup Oil Pool, through 2  $\frac{1}{16}$  inch tubing with separation of the zones by a packer set at 5766 feet.

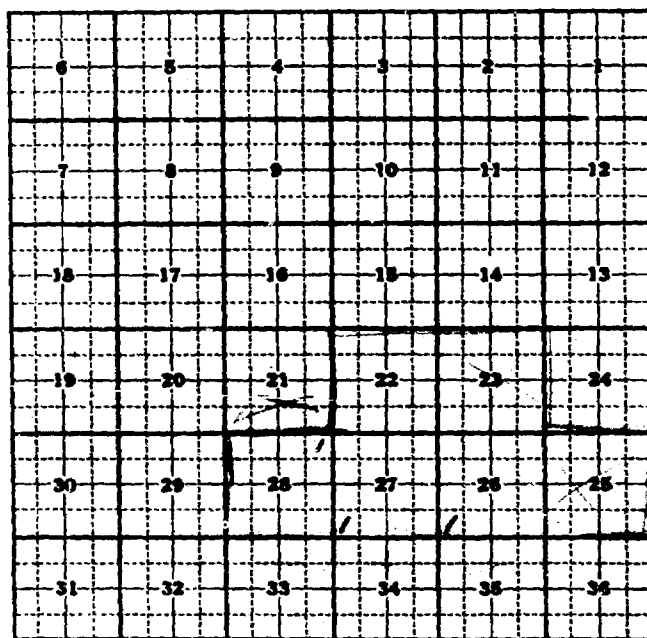
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- CASE 2979: (Continued from February 5, 1964, Examiner Hearing)
- Application of Pan American Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through its U.S.A. Malco Refineries 'G' Well No. 13, located 2302 feet from the South line and 1650 feet from the West line of Section 10, Township 18 South, Range 27 East, Empire Abo Pool, Eddy County, New Mexico.

Name

Address

Ph.

Remarks:



T ..... R ..... State  
or County .....

Heard 2-19-64

Re . 2 - 26 - 64

- Thos. C. McF.



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ROGER L. COPPLE

JAMES T. JENNINGS  
ATTORNEY AT LAW  
1012 SECURITY NATIONAL BANK BUILDING  
P. O. BOX 1180  
ROSWELL, NEW MEXICO 88201  
TELEPHONE 622-8432

February 12, 1964

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

Attention: James M. Durrett, Jr.

RE: Case No. 3000; Application  
of Franklin, Aston & Fair, Inc.  
and Jack L. McClellan for  
New San Andres Gas Pool,  
Roosevelt County, New Mexico

Gentlemen:

Enclosed herewith you will find an original and two copies of an Application filed on behalf of Franklin, Aston & Fair, Inc. and Jack L. McClellan for the establishment of a new gas pool in Township 7 South, Range 35 East, Roosevelt County. It appears from the published Notice and from the proofs of publication that in the publication and Notice we dropped Section 33 inadvertently. I do not anticipate this will cause any difficulty, but I do want to call it to your attention. As it was dropped in the Notices, I did not include it in the Application.

The Notice of Hearing has been published in the papers in Santa Fe and Portales and I have paid for the publications. I directed the papers to send you proofs of publication, and in the event you have not received them, I can furnish the same to you at the time of the hearing.

Your cooperation in this matter is certainly appreciated.

Yours very truly,

  
James T. Jennings

JTJ/mb

Encl.



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
FRANKLIN, ASTON & FAIR, INC. AND )  
JACK L. McCLELLAN FOR AN ORDER )  
CREATING AND DESIGNATING A NEW GAS )  
POOL FOR THE PRODUCTION OF GAS FROM )  
THE SAN ANDRES FORMATION, SUCH POOL )  
TO CONSIST OF ALL OF SECTIONS 22, )  
23, 25, 26, 27 AND 28 IN TOWNSHIP 7 )  
SOUTH, RANGE 35 EAST, N.M.P.M., )  
ROOSEVELT COUNTY, NEW MEXICO, AND )  
FOR THE ESTABLISHMENT OF SPECIAL RULES )  
AND REGULATIONS FOR SAID POOL INCLUD- )  
ING 320 ACRE SPACING. )

NO. 3000

A P P L I C A T I O N

Comes now Franklin, Aston & Fair, Inc., and Jack L. McClellan and hereby made application to establish a new gas pool for the production of gas from the San Andres Formation in the lands hereinafter described and for the establishment of special pool rules and regulations for said pool including 320 acre spacing and state:

1. That the applicants have completed three (3) wells within the area, which wells and the locations thereof are as follows:

(a) The McClellan Federal No. 1 located in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 28, Township 7 South, Range 35 East, was a discovery of a gas zone and completed on October 18, 1963. This well flowed 500 MCF of gas per day from the Slaughter Zone of the San Andres formation in the interval from 4141 feet to 4208 feet.

(b) The second well was the Texaco Federal No. 1 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 27, Township 7 South, Range 35 East, which was completed on November 13, 1963, and which well tested the same zone and flowed 1347 MCF of gas per day.

(c) The third well was the Mark Federal No. 1 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26, Township 7 South, Range 35 East and this well was completed on December 1, 1963, from the same zone.

2. That said wells have discovered a new common source of supply of gas from the Slaughter Zone of the San Andres formation and are all capable of producing gas therefrom.

3. That in conformity with the practice of the Commission, a pool should be created, defined and classified, including all the acreage which appears to cover the newly discovered source of supply located in Sections 22, 23, 25, 26, 27 and 28, Township 7 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico.

4. That the probable areal extent of the common source of supply is limited and to prevent waste and protect correlative rights, proration units of 320 acres should be established.

5. That one well will efficiently and economically drain at least 320 acres of the common source of supply.

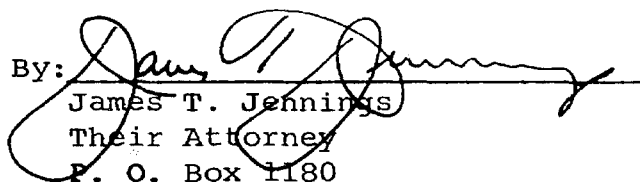
WHEREFORE, applicants request that the Commission set this matter down for hearing before an examiner, publish notice as required by law, and after hearing, issue its Order creating

and designating a new gas pool as prayed for herein, to provide for the orderly development of the common source of supply, and to prevent waste, establishing proration units of 320 acres, and special rules for the regulation of said pool.

Respectfully submitted,

FRANKLIN, ASTON & FAIR, INC. AND  
JACK L. McCLELLAN

By:



James T. Jennings  
Their Attorney  
P. O. Box 1180  
Roswell, New Mexico



GOVERNMENT  
HABERMASTERS  
CIVILIAN

State of New Mexico  
**Oil Conservation Commission**



P. O. BOX 671  
SANTA FE

STATE OILS  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

March 13, 1964

Mr. James T. Jennings  
Attorney at Law  
1012 Security National Bank Building  
P. O. Box 1180  
Roswell, New Mexico

Re:

Case No. 3000

Order No. R-2656

Applicant:

Franklin, Aston & Fair, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*

A. L. PORTER, Jr.  
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC ☒

Artesia OCC ☐

Astec OCC ☐

OTHER ☐ Mr. Van Cammack

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. 3000  
Order No. R-2666  
NOMENCLATURE

APPLICATION OF FRANKLIN, ASTON & FAIR,  
INC., FOR THE CREATION OF A SAN ANDRES  
GAS POOL AND FOR SPECIAL POOL RULES,  
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
February 19, 1964, at Santa Fe, New Mexico, before Examiner  
Elvis A. Utz.

NOW, on this 13th day of March, 1964, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, 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, Franklin, Aston & Fair, Inc.,  
seeks the creation of a new gas pool for San Andres production  
in Roosevelt County, New Mexico, and the promulgation of special  
rules and regulations governing said pool, including provisions  
for 320-acre spacing units and fixed well locations.

(3) That a new gas pool for San Andres production should be  
created and designated the Todd-San Andres Gas Pool; that said  
pool was discovered by the McClellan Federal Well No. 1, located  
in Unit A of Section 28, Township 7 South, Range 35 East, NMPM,  
Roosevelt County, New Mexico.

(4) That the evidence concerning reservoir characteristics  
establishes that the Todd-San Andres Gas Pool can be efficiently  
and economically drained and developed on 320-acre spacing units.

(5) That in order to prevent the economic loss caused by  
the drilling of unnecessary wells, to avoid the augmentation of

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Order No. R-2666

risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 320-acre spacing units should be promulgated for the Todd-San Andres Gas Pool.

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a new pool in Roosevelt County, New Mexico, classified as a gas pool for San Andres production is hereby created and designated the Todd-San Andres Gas Pool, consisting of the following-described area:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM

Section 26: All

Section 27: All

Section 28: All

(2) That Special Rules and Regulations for the Todd-San Andres Gas Pool are hereby promulgated as follows, effective April 1, 1964.

SPECIAL RULES AND REGULATIONS  
FOR THE  
TODD-SAN ANDRES GAS POOL

RULE 1. Each well completed or recompleted in the Todd-San Andres Gas Pool or in the San Andres formation within one mile of the Todd-San Andres Gas Pool, and not nearer to or within the limits of another designated San Andres gas pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Todd-San Andres Gas Pool shall be located on a standard unit consisting of approximately 320 acres which shall comprise any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 contiguous surface acres shall be considered a standard unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and

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Order No. R-2666

hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

**RULE 4.** Each well completed or recompleted in the Todd-San Andres Gas Pool shall be located in the northeast quarter or the southwest quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section and no nearer than 330 feet to any governmental quarter-quarter section line.

**RULE 5.** The Secretary-Director may grant an exception to the footage requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, provided the well will be located no nearer than 330 feet to the outer boundary of the unit. All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection

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Order No. R-2666

to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the San Andres formation within the Todd-San Andres Gas Pool or within one mile of the Todd-San Andres Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1964.

(2) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Todd-San Andres Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1964.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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

esr/

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 19, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Franklin, Aston, & Fair,  
Inc., for the creation of a San Andres  
Gas Pool and for special pool rules,  
Roosevelt County, New Mexico.

Case No. 3000

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 983-3971

ALBUQUERQUE, N. M.  
PHONE 243-6691

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service  
Albuquerque, New Mexico  
Suite 1120 Simms Building  
Phone 243-6691

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 19, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Franklin, Aston, &  
Fair, Inc., for the creation of a  
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Mexico.

CASE NO. 3000

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: Case 3000.

MR. DURRETT: Application of Franklin, Aston, & Fair,  
Inc., for the creation of a San Andres Gas Pool and for special  
pool rules, Roosevelt County, New Mexico.

MR. JENNINGS: I am James T. Jennings, appearing for  
Franklin, Aston & Fair, and Jack L. McClellan, and I have one witness,  
Mr. Gray.

MR. UTZ: Are there other appearances?

(Witness sworn)



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RALPH L. GRAY,

called as a witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name and occupation?

A Ralph L. Gray, Consulting Engineer.

Q Are you the same Ralph Gray that testified before the Examiner earlier today, who has testified on many occasions before this Commission?

A Yes, sir.

Q All right.

MR. JENNINGS: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Jennings) Mr. Gray, are you familiar with an application filed by Franklin, Aston & Fair and Jack L. McClellan to create a new gas pool for the Slaughter zone of the San Andres formation to consist of Sections 22, 23, 25, 26, 27 and 28, Township 7 South, Range 35 East?

A Yes, sir, I am.

Q Have you made an engineering evaluation of the area?

A Yes, sir.

Q I hand you here what has been marked as Exhibit One and ask you to identify that, please?





A Exhibit One is a map of this general area. This map shows the proposed pool boundary with the red border. The map also shows the structure on top of the San Andres, and shows the three gas wells which have been completed in this area.

Q Mr. Gray, could you locate the wells and tell the zone that was perforated and depth of the wells and give any tests that were made on the wells?

A The McClellan Federal Number One well is located in the Northeast-Northeast of Section 28, and these are all in Township 7 South, 35 East. McClellan Federal Number One is producing from perforations between 4141 and 4208. On test, this well flowed 500 MCF of gas per day on 24/64ths choke.

Texaco Federal Number One well is located in the Southwest-Southwest of Section 27. This well is producing from perforations from 4200 to 4213. The well flowed one million three hundred forty-seven thousand cubic feet of gas per day on an 18/64ths choke, with a flowing tubing pressure of 675 pounds.

The Mark Federal Number One well is located in the Southwest-Southwest of Section 26, and this well produces from perforations from 4215 to 4225. This well flowed 2,700,000 cubic feet of gas per day through a 36/64ths choke.

Q These wells all have been completed since October 15, 1963?

A Yes, sir.

Q Do these wells constitute a new gas discovery?



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PAGE 5

A Yes, sir, they do.

Q From what formation?

A From the Slaughter zone in the San Andres formation.

Q Mr. Gray, referring to Exhibit One, does, in your opinion, the pool cover all the area covered by the exhibit that you have outlined in red?

A We think that the area encompassed within the red border will all be productive of gas and might possibly extend further in some areas.

Q Mr. Gray, were Exhibits Numbers One through Ten prepared by you or under your direction?

A Yes, sir.

Q Could you just tell the examiner the general reservoir characteristics in connection therewith? You might refer to your exhibits and identify the exhibit to save time, and relate what they reflect?

A This new gas reservoir produces from a fractured type Dolomite and structurally, we think that it is a stratigraphic type trap. I would like to refer you to Exhibit Number Three, which shows a portion of the Gamma Ray Sonic logs run on the McClellan Federal Well Number One. This exhibit also shows the intervals that have been perforated. The lower portion produced water and has been plugged off. The pay section is also indicated on this exhibit, and also the approximate gas-water contact.

Exhibit Number Four shows the same information for the Texaco



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**Federal Number One.** Here again, one of the zones flowed water on test. This is indicated on the Exhibit Number Four, and has been plugged off and the well is now producing from the upper portion of the Slaughter zone. Exhibit Number Five is a portion of the Gamma Ray Sonic log on the Mark Federal Number One well, and this indicates the producing interval and shows the interval which we consider to be pay.

Q Mr. Gray, from your evaluation of the area, do you have any thought as to what size drilling unit should be established?

A Yes. It has been shown by core analysis that this reservoir is highly fractured and is the type of permeability that we expect good drainage to be obtained. I have prepared Exhibits Number Six, Seven and Eight, which show the core analysis of the various pay zones in each of the three wells. And it will be noted that the matrix rock has a very low order of porosity and permeability, but the existence of fractures make it possible to get a high degree of communication throughout the reservoir. It is my opinion that based on the information that we have that one well will adequately drain 320 acres.

Q You think that based upon 320 acre spacing, that it would be an efficient and economical operation?

A Yes, sir, I think so.

Q What is your thought as to how the unit should be located in the section?

A So far, three wells have been completed in the field, and



two of them are located in the Southwest Quarter of the section. One of them is located in the Northeast Quarter, so it is my recommendation that this same pattern be continued and that wells be located either in the Southwest Quarter or the Northeast Quarter of the section.

Q Do you feel that an exception should be made for any wells commenced prior to the date of the order covering this field?

A Yes, sir, I think so.

Q Mr. Gray, in your opinion, would one well efficiently and economically drain more than 320 acres?

A I think there would be considerable doubt that one of these wells could drain that large an area.

Q Have you made any studies to determine the economics of drilling on less than 320 acre spacing units?

A Yes, sir, I have.

Q What conclusions did you reach from these studies?

A My study was made on the basis of a study of the well having the lowest gas reserves and also the well having the highest gas reserves for this area. And my calculations show that the recoverable gross gas to be expected from a 160 acre tract, for the well with the lowest reserves would be 372,804 MCF. For the well with the highest reserves, my calculations show that recoverable gas for 160 acre tract would be 1,050,325 MCF.

On a 320 acre unit, of course, these two figures would be just doubled. The recoverable value of the working interests



gas on 160 acre tract would vary between \$21,399.00 for the well with the least reserves, to \$58,451.00 for the well with the highest reserves on a 160 acre tract. Here again, these figures would double for a 320 acre tract.

The estimated cost for the well and lease equipment in each case is \$45,000.00. The estimated operating cost over the life of the wells would be \$8,400.00 for a well located on a 160 acre tract, and \$14,400.00 for a well located on a 320 acre tract. The net loss for a well drilled on the 160 acre tract, for the lowest reserves, would be \$32,001.00, and with the well with the highest reserves, a net profit of \$5,051.00 would be expected. For a 320 acre tract, the well with the lowest reserves would have a net loss of \$16,602.00, and the well showing the highest reserves would show a profit of \$57,502.00. I believe I perhaps neglected to include in my previous statements on well data that we also have prepared Exhibit Nine, which shows multiple point back pressure tests and Exhibit Ten, which shows the analysis of the gas. We would like to offer those exhibits.

Q What about the gas, what is the quality of the gas?

A Exhibit Number Ten shows the constituents of the gas and you will note that approximately ten percent is carbon dioxide, little over ten percent is nitrogen, so this gas has about 20 percent of non-combustible materials.

Q The GPM content is low, so it would be classified as a poor grade of gas?



A Yes.

Q Do you have a market for it?

A Yes.

Q What is the market?

A The outlet is the Nearburg and Ingram Gasoline Plant in the Allison Pennsylvanian Pool.

Q I think the question was asked this morning, but I might ask it again, these aren't just red hot gas wells, are they?

A No, sir.

Q Mr. Gray, has a name been selected, or would you like to have some name for the pool?

A The operator suggests that the pool be named the Todd Gas Pool, T-o-d-d. I believe that it would properly be named the Todd San Andres Gas Pool.

Q Do you have anything further that you wish to add?

A No, sir.

MR. JENNINGS: We would like to offer Exhibits One through Ten.

MR. UTZ: Without objection, Exhibits One through Ten will be entered into the record of this case.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Gray, what do you estimate the life of your well?

You stated that the expenses would be \$8,400.00 for the life. Over



how many years do you estimate that?

A That would be six or seven years.

Q I note your Exhibit One shows the North Half of Sections 33,34, 35 and the South Half of Sections 21, which was not covered in your application.

A Yes. Unfortunately, we had a little bit of conflict there in designating the proposed pool boundary due to various people having difficult commitments. We had a hard time getting together, and I think Mr. Jennings submitted a recommended area to be covered, and later, we thought that perhaps this should be amended. The purpose in including the North Half of Sections 33,34, and 35, and the South Half of 21 was just merely to have some acreage, which would be offsetting the wells that are already completed, so, that we wouldn't actually cut the pool boundaries off that close to a completed well. This is just a suggestion, and I don't think that the operator would argue too much about just what area we included, but I think that the area that the Exhibit Number One shows would be a reasonable estimation of the productive area and it would provide for offsetting units to be drilled and would be within this proposed pool.

MR. JENNINGS: Mr. Examiner, I might state that Section 33 got dropped in the advertisement between my communication and Mr. Durrett's.

MR. UTZ: I also noted that Section 23 was included and ~~it is not included in the exhibit.~~



MR. DURRETT: Well, if the Commission should desire or decide to limit the area to an area less than the red designation you have on your exhibit at this time, you would have no objection to that, would you, with the understanding that it could be enlarged at a later nomenclature hearing?

A Yes. I don't think there would be an objection because we anticipated that this probably would be extended from time to time.

MR. JENNINGS: As long as it includes the wells we are-

MR. DURRETT: That is all you care about?

MR. JENNINGS: Of course, we have the one mile radius.

MR. UTZ: Are there other questions of the witness?

Are there statements to be made in this case?

MR. CAMMACK: Van Cammack with Atlantic Refining, and I would like to state that Atlantic pretty well is in agreement with the reserves as brought out by Mr. Gray, and we are also in agreement that a well can drain 320 acres. In fact, we believe a well can drain 640 acres, or even more, so long as the reservoir is continuous. In our own economic evaluation, of the area, we find that 640 acre spacing is more desirable than 320, and with this in mind, we would like to recommend the Commission consider 640 acre spacing as a standard unit with allocation based on acreage, and have an option so that the operator can drill down to 320 acre spacing at the time if it so desires. But, in any event, the market would be allocated to wells on the basis of acreage





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assigned to them, you see. Thank you.

MR. UTZ: Any other statements. The case will be taken under advisement.

MR. JENNINGS: Before we close, I would like to again call the attention to the Commission, as it was called this morning, that it was advertised on 320 acre basis.

MR. UTZ: Yes, sir.


\* \* \* \*

STATE OF NEW MEXICO

COUNTY OF BERNALILLO

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

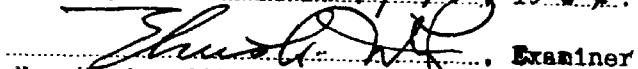
WITNESS my Hand and Seal of Office, this 29th day of February, 1964.

  
NOTARY PUBLIC

My Commission Expires:

September 6, 1967.

I hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3000, heard by me on Feb. 1, 1964.

  
Examiner  
New Mexico Oil Conservation Commission



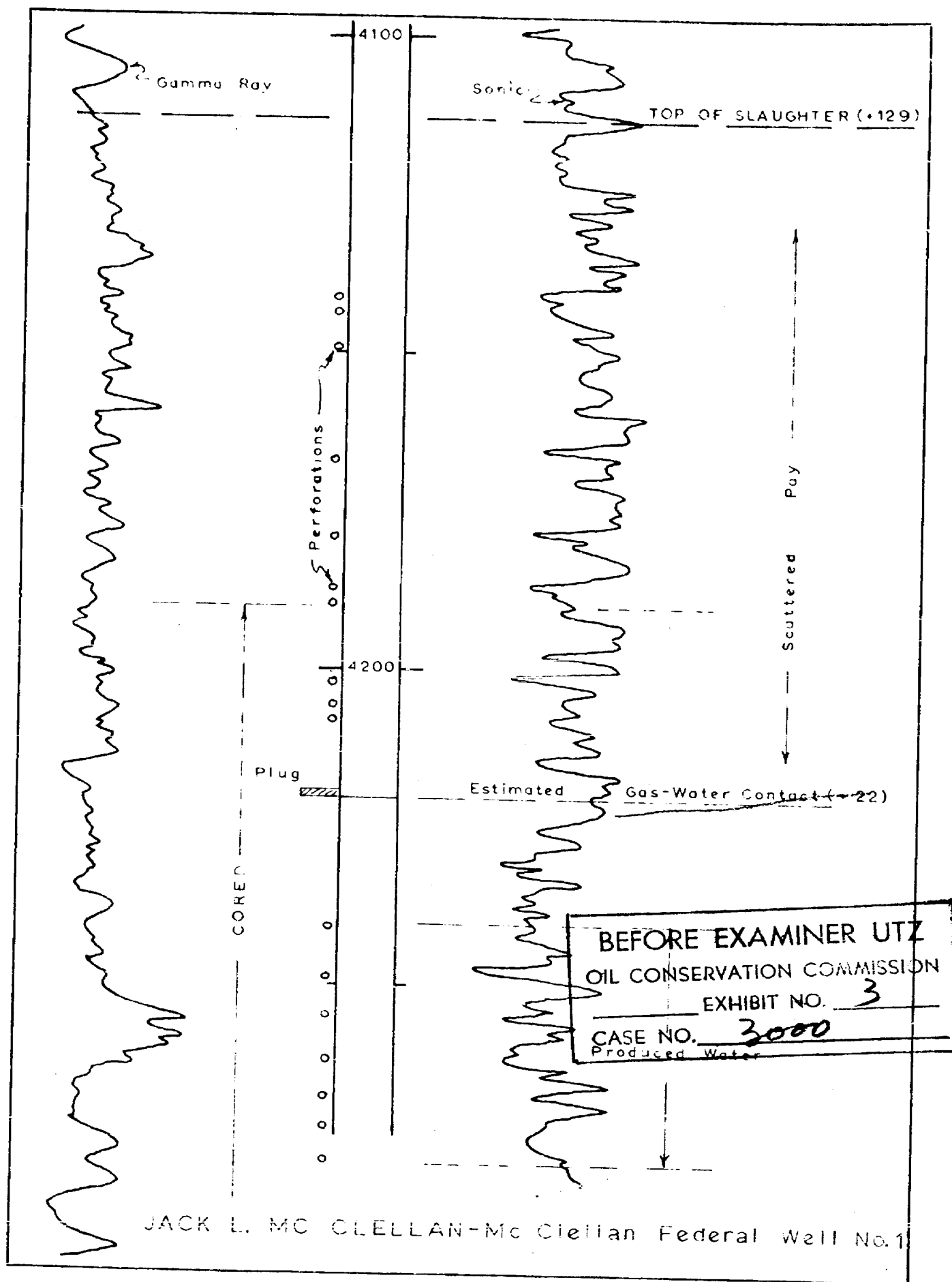
## WELL DATA

## JACK L. McCLELLAN WELLS

WELL	COMPLETION DATE	ELEVATION D. F.	TOTAL DEPTH	CASING	PERFORATIONS		TREATMENT	INITIAL POTENTIAL
					PLUGGED OFF	NOW OPEN		
McClellan Fed. #1	10-18-63	4242	4577 Plug at 4220	5½"-4355' w/170 sx.	4241,4248, 4255,4262, 4268,4273, 4278	4141,4143, 4149,4167, 4179,4187, 4189,4202, 4206,4208	Acid 4202-78 w/2000 gals. Fraced w/845 BO + 45,000# sand.	F 500 MCF gas per day on 24/64" ch.
Texaco Fed. #1	11-18-63	4211	4315 Plug at 4224	4½"-4315' w/120 sx.	4249-65	4200,4203 4206,4210, 4213	Acid 4249-65 w/1000 gals. Acid 4203-13 w/1000 gals.	F 1,347 MCFPD + 2 bbls. dist. on 18/64" ch. F tbq. pressure 675 psi.
Mark Fed. #1	12-1-63	4225	4311	5½"-4348 w/200 sx.		4215,4216, 4218,4220, 4221,4223, 4224,4225.	Acid 1500 gals.	F 2,700 MCFPD on 36/64" choke.

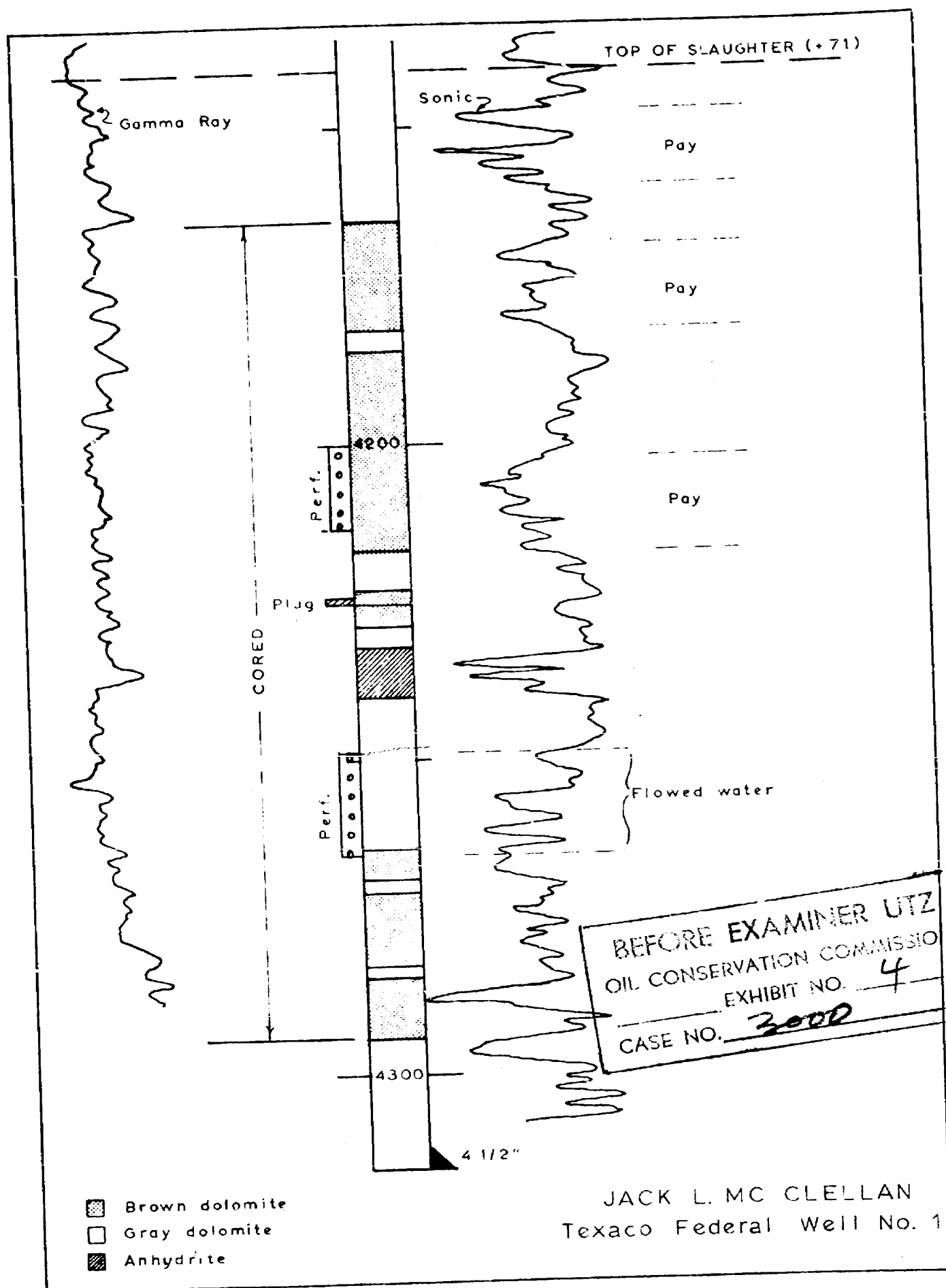
All wells were drilled with rotary.

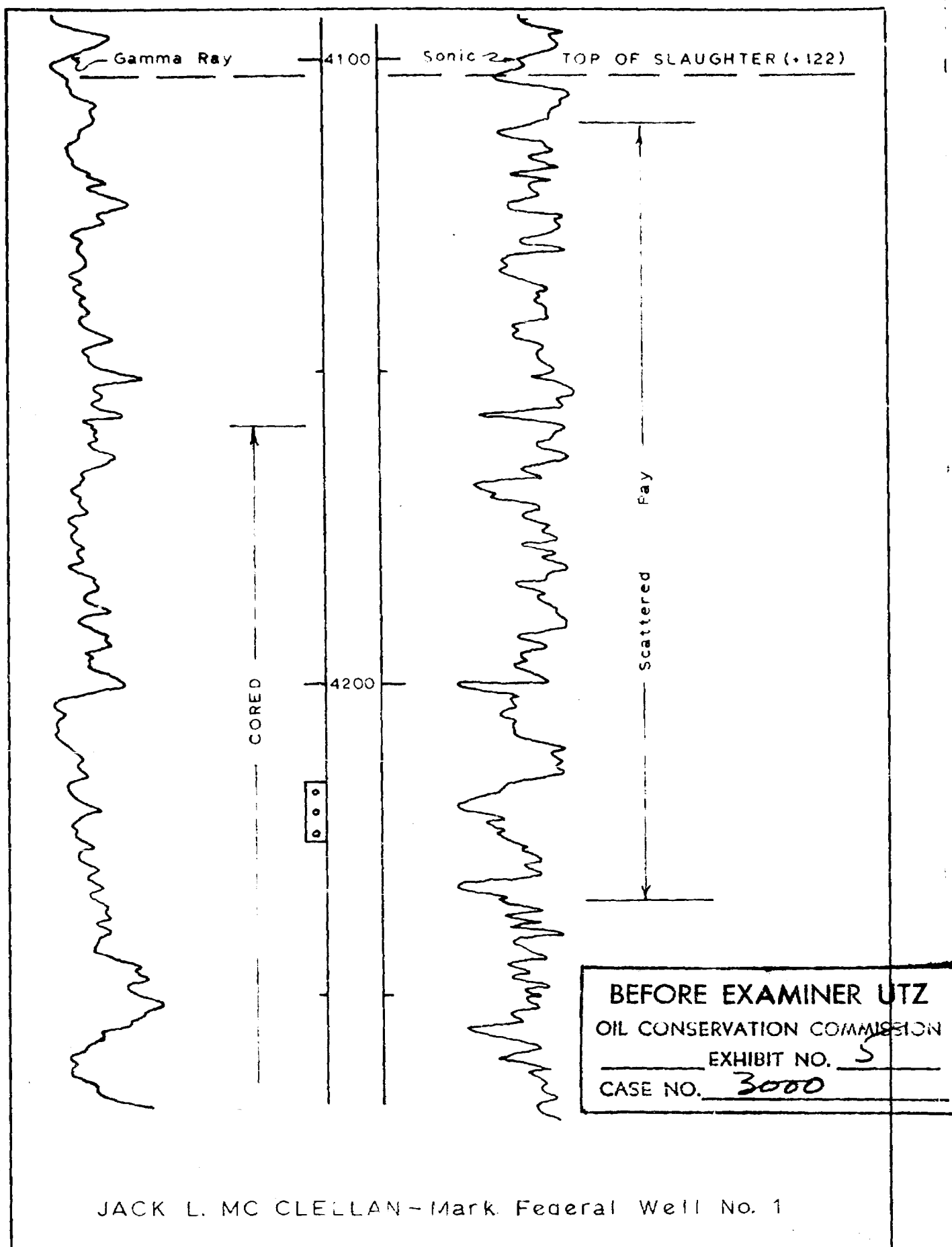
BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 2  
CASE NO. 3000



RALPH L. GRAY  
PETROLEUM ENGINEERING

3





# CORE ANALYSIS

JACK L. MC CLELLAN - MC CLELLAN FEDERAL NO. 1

<u>DEPTH</u>	<u>PERMEABILITY</u>	<u>POROSITY</u>
	0.1	5.3
4223.0-23.9	0.1	4.9
23.9-25.3		
	0.1	3.2
4225.3-26.8	0.1	5.8
26.8-28.1	0.2	7.6
28.1-29.6		
	0.1	6.0
4229.6-30.9	0.2	6.7
30.9-32.0		
	0.1	4.4
4233.0-34.4	0.3	8.0
34.4-35.0		
	0.4	4.7
4236.0-36.5	0.1	5.8
36.5-38.2		
	0.2	7.0
4238.2-40.0	0.5	6.2
40.0-41.8		
	0.2	4.3
4241.8-43.0		
	0.1	5.5
4245.0-46.6		
	0.1	4.7
4246.6-48.0		
	0.5	4.6
4259.0-60.4	2.2	4.7
60.4-61.5		
	0.1	5.4
4266.5-68.0		

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 6  
CASE NO. 3000

RALPH L. GRAY  
PETROLEUM ENGINEERING

(6)

CORE ANALYSIS

JACK L. MC CLELLAN - TEXACO FEDERAL NO. 1

<u>DEPTH</u>	<u>PERMEABILITY</u>	<u>POROSITY</u>
4167.0-68.4	0.6	8.7
4168.4-69.9	191	3.7
69.9-71.2	0.4	1.9
4171.2-73.0	0.1	3.8
73.0-74.5	0.1	3.8
4174.5-76.2	0.1	2.6
76.2-77.6	68	4.1
4177.6-79.2	0.2	4.4
79.2-80.5	0.1	2.5
4180.5-82.0	0.1	2.8
4201.0-02.6	0.1	4.8
4202.6-03.7	44	6.2
03.7-05.0	521	6.1
05.0-06.3	0.1	5.5
06.3-07.5	0.1	5.3
4207.5-09.0	0.1	6.8
4247.0-48.5	0.1	3.5
4248.5-50.0	0.1	2.9
50.0-51.8	0.1	2.6
4251.8-53.4	0.6	2.8
4253.4-55.0	16	9.0
55.0-56.5	25	7.5
4256.5-58.0	6.6	7.5
4259.0-60.5	0.1	6.4
4260.5-62.0	0.6	7.7
4264.0-65.5	0.7	8.8
65.5-66.5	0.9	8.5
4266.5-68.1	0.1	7.6
68.1-69.5	1.2	5.3
4273.0-74.5	14	3.9
4274.5-76.0	3.6	3.2
4280.0-81.2	0.1	4.4
81.2-82.5	20	4.0
4284.5-86.0	1.0	4.5
86.0-87.5	27	11.6
4293.0-94.0	4.6	14.0
94.0-95.6	0.3	7.8
4295.6-97.3	0.8	9.0
4297.3-99.0	0.1	2.1
4299.0-00.0	0.1	2.2

BEFORE EXAMINER UIZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 7  
DATE REC. 3000

RALPH L. GRAY  
PETROLEUM ENGINEERING

7

CORE ANALYSIS

JACK L. McCLELLAN - MARK FEDERAL NO. 1

<u>DEPTH</u>	<u>PERMEABILITY</u>	<u>POROSITY</u>
4174.0-75.5	0.4	5.5
4175.5-77.0	1.0	5.3
77.0-78.6	0.1	4.7
4178.6-80.0	0.1	2.7
80.0-81.4	0.4	1.6
4181.4-83.0	0.1	2.8
4198.0-99.5	0.6	3.9
4199.5-01.1	0.1	2.5
4201.1-02.6	0.1	3.7
4202.6-03.8	0.1	3.5
03.8-05.0	0.1	4.7
05.0-06.0	0.1	3.7
4226.0-27.5	0.3	7.9
27.5-28.6	0.1	8.0
4228.6-29.9	0.7	10.0
29.9-31.2	0.9	10.1
31.2-32.6	0.1	8.4
32.6-33.7	0.1	8.2
4233.7-35.2	0.1	6.1
35.2-36.6	0.1	9.9
4236.6-38.5	0.3	3.5
4238.5-40.3	0.1	2.5
4240.3-42.0	0.1	2.8
42.0-43.0	0.1	2.7
43.0-44.5	0.1	6.0
4244.5-46.0	21	10.9
46.0-47.7	0.2	3.1
4249.0-50.7	0.4	3.5
4250.7-52.5	0.1	1.9
4252.5-54.0	5.5	4.3
54.0-55.3	0.3	2.3
4255.3-57.0	1.0	2.5
57.0-58.0	0.1	1.7
4259.0-60.3	0.1	2.6
4260.3-61.5	0.1	1.8
4265.0-66.3	2.0	7.4
66.3-67.3	0.4	6.0
67.3-68.8	7.5	3.3
4268.8-70.1	0.4	4.9
4270.1-72.0	14	8.5
72.0-73.3	0.2	3.5
73.3-74.7	0.1	3.2
74.7-75.6	0.1	2.0
4275.6-77.0	0.1	2.7
4211.0-13.0	0.9	7.0
4316.0-17.0	1.5	6.6
4318.0-20.0	49	8.5
4341.0-42.0	5.6	9.3
4345.5-47.0	1.5	15.8
47.0-48.5	0.7	16.2
4348.5-50.0	3.5	14.7

NO. 1  
JACK L. McCLELLAN  
MARK FEDERAL NO. 1  
CORE ANALYSIS  
R. L. GRAY  
PETROLEUM ENGINEERING

RALPH L. GRAY  
PETROLEUM ENGINEERING

8



MULTI-POINT BACK PRESSURE TESTS

JACK M. McCLELLAN WELLS

McCLELLAN FEDERAL WELL #1

Date of Test: November 20, 1963

<u>SURFACE TBG. PRESS.</u>	<u>FLOW RATE - MCFPD</u>	<u>BHP</u>
1065	Shut-in	1222
166	629	379
421	536	532
692	368	825
927	50	1145

Calculated absolute open flow: 700 MCFPD.

TEXACO FEDERAL WELL #1

Date of Test: November 18, 1963

<u>CHOKE SIZE</u>	<u>SURFACE TBG. PRESS.</u>	<u>FLOW RATE - MCFPD</u>	<u>BHP</u>
S.I.	1243	Shut-in	1459
32/64"	268	1,428	465
20/64"	544	1,293	683
14/64"	841	1,024	923
10/64"	1063	600	1251

Calculated absolute open flow: 1,550 MCFPD.

BEFORE EXAMINER UTZ	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	9
CASE NO.	3000

RALPH L. GRAY  
PETROLEUM ENGINEERING

(9)

# GAS ANALYSES

<u>MOL %</u>	<u>McCLELLAN FEDERAL #1</u>	<u>TEXACO FEDERAL #1</u>
Hydrogen Sulfide		.80
CO <sub>2</sub>	10.10	11.86
Nitrogen	10.51	11.32
Methane	69.23	65.55
Ethane	5.86	5.98
Propane	2.78	2.73
Iso-Butane	.26	.34
N-Butane	.61	.67
Iso-Pentane	.18	.22
N-Pentane	.18	.17
Hexanes	<u>.29</u>	<u>.36</u>
	100.00	100.00
GPM - Gasoline	.39	.435
Propane	.76	.750
Butanes	<u>.14</u>	<u>.175</u>
	1.29	1.360
BTU	931	905
Specific Gravity	.7769	.805
H <sub>2</sub> S - grs./100 SCF	770	508

BEFORE EXAMINER UTZ  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 10-  
CASE NO. 3000

RALPH L. GRAY  
PETROLEUM ENGINEERING

(10)

DRAFT

JMD/esr

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. 3000

Order No. R- 2666

NOMENCLATURE

APPLICATION OF FRANKLIN, ASTON & FAIR,  
INC., FOR THE CREATION OF A SAN ANDRES  
GAS POOL AND FOR SPECIAL POOL RULES,  
ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
February 19, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz,  
~~Examiner duly appointed by the Oil Conservation Commission of New~~  
~~Mexico, hereinafter referred to as the "Commission," in accordance~~  
~~with Rule 1214 of the Commission Rules and Regulations.~~

NOW, on this        day of March, 1964, the Commission,  
a quorum being present, having considered the ~~appeal~~ testimony,  
the record, ~~and the recommendations of the Examiner,~~  
~~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, Franklin, Aston & Fair, Inc., seeks  
the creation of a new gas pool for San Andres production <sup>in Roosevelt County, New Mexico,</sup> and the  
promulgation of ~~temporary~~ special rules and regulations governing  
said pool, including provisions for 320-acre spacing units and  
fixed well locations.

(3) That a new gas pool for San Andres production should be  
created and designated the Todd-San Andres Gas Pool; that said  
pool was discovered by the McClallen Federal Well No.  
1, located in Unit A of Section 28, Township 7 South, Range  
35 East, NMPM, Roosevelt County, New Mexico.

(4) That the evidence concerning reservoir characteristics  
establishes that the Todd-San Andres Gas Pool can be efficiently

and economically drained and developed on 320-acre spacing units.

(5) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, special rules and regulations providing for 320-acre spacing units should be promulgated for the Todd-San Andres Gas Pool.

(6) That the special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That a new pool in Roosevelt County, New Mexico, classified as a gas pool for San Andres production is hereby created and designated the Todd-San Andres Gas Pool, consisting of the following-described area:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM  
Section 26: All  
Section 27: All  
Section 28: All

(2) That Special Rules and Regulations for the Todd-San Andres Gas Pool are hereby promulgated as follows, effective April 1, 1964.

SPECIAL RULES AND REGULATIONS  
FOR THE  
TODD-SAN ANDRES GAS POOL

RULE 1. Each well completed or recompleted in the Todd-San Andres Gas Pool or in the San Andres formation within one mile of the Todd-San Andres Gas Pool, and not nearer to or within the limits of another designated San Andres <sup>gas</sup> pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well completed or recompleted in the Todd-San Andres Gas Pool shall be located on a <sup>standard unit</sup> ~~tract~~ consisting of

approximately 320 acres <sup>which shall comprise</sup> ~~comprising~~ any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 ~~surface~~ contiguous acres shall be considered a standard unit.

RULE 3. The Secretary-Director of the Commission may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter sections or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a single governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which the non-standard unit is situated and which acreage is not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Secretary-Director has received the application.

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RULE 4. Each well completed or recompleted in the Todd-San Andres Gas Pool shall be located in the northeast quarter or the southwest quarter of the section and shall be located no nearer than 990 feet to the outer boundary of the quarter section ~~and no~~ nearer than 330 feet to any governmental quarter-quarter section line, ~~provided, however, that any well which was projected to or completed in said pool prior to \_\_\_\_\_ is~~ excepted from the requirements of this rule.

RULE 5. The Secretary-Director may grant an exception to the ~~requirements~~ <sup>footage</sup> of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon, <sup>provided the well will be located no nearer</sup> All operators offsetting the proposed unorthodox location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Secretary-Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the unorthodox location within 20 days after the Secretary-Director has received the application.

IT IS FURTHER ORDERED:

(1) That any well presently drilling to or completed in the San Andres formation within the Todd-San Andres Gas Pool or within one mile of the Todd-San Andres Gas Pool that will not comply with the well location requirements of Rule 4 is hereby granted an exception to the requirements of said rule. The operator of any such well shall notify the Hobbs District Office of the Commission in writing of the name and location of the well on or before April 1, 1964.

(2) That any operator desiring to dedicate 320 acres to a well presently drilling to or completed in the Todd-San Andres Gas Pool shall file a new Form C-128 with the Commission on or before April 1, 1964.

*than 330 feet to the outer boundary of the unit.*

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(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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