

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

CASE 598: In the matter of the application of the Oil Conservation Commission upon its own motion for a revision of Rule 104 (b) pertaining in part to well spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs formation and to the Mesaverde formation.

\*\*\*\*\*

TRANSCRIPT OF HEARING

October 15th, 1953

BEFORE: Honorable Ed. L. Mechem, Governor  
Honorable E. S. Walker, Land Commissioner  
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO     )  
                                  ) ss  
COUNTY OF BERNALILLO    )

I HEREBY CERTIFY that the within transcript of proceedings before the Oil Conservation Commission, is a true record of the same to the best of my knowledge, skill and ability.

DONE at Santa Fe, N.M., this 17th day of October, 1953.

*Marjorie C. Allen*  
Reporter

SWORN TO before me this 17th day of October, 1953.

*W. J. Emerson*  
Notary Public

My Commission Expires:

My Commission Expires January 24, 1954

CASE 598:

In the matter of the application of the Oil Conservation Commission upon its own motion for a revision of Rule 104 (b) pertaining in part to well spacing in San Juan, Rio Arriba, Sandoval and McKinley Counties, New Mexico, and for a revision of Orders R-59, R-46 and R-110 pertaining to spacing of gas wells to be drilled to the Pictured Cliffs formation and to the Mesaverde formation.

\*\*\*\*\*

MR. MACEY: I would like to introduce in evidence a proposed revision in this case. The revisions are mainly for the purpose of clarifying the existing spacing rules and coordinating the spacing rules.

COM. SPURRIER: Have those rules been circulated?

MR. MACEY: Yes, to the audience here today.

COM. SPURRIER: Is there any objection to these proposals?

QUILMAN DAVIS: My name is Quilman Davis and I represent the Southern Union Gas Company. I would like to ask a question regarding Rule 104 (b). Was it intended if you desired to drill an oil well, would you still have to have 160 acres? That would be the meaning of this. Are you talking about a wildcat well?

MR. MACEY: That is still a well, is it not?

QUILMAN DAVIS: If you were drilling for oil, it would not be. It does not particularly bother us, but, for the purpose of the law -

MR. MACEY: The existing rule very specifically says that in San Juan, Rio Arriba, Sandoval and McKinley Counties that a wildcat well will be surrounded by 160 contiguous acres.

QUILMAN DAVIS: At the time these laws were put in effect, you had no oil production here.

MR. MACEY: I cannot testify as to what the rules were.

QUILMAN DAVIS: I do think everyone was considering the gas interest and particularly at that time we had 160 acres spaced for the formation and that was the basis for it. Actually what brought it to my mind is that you do have some oil production in Pettigrew field.

MR. MACEY: That well would fall in a defined oil pool. This rule applies solely to a wildcat. If you set up in any of these Counties, you are required to have 160 acres. If you get an oil well and your pool is defined as an oil pool, this rule does not apply.

FOSTER MORRELL: I believe a clarification of the point that Mr. Davis has brought up could be made by inserting on the second underscored line of your proposal "drilled for gas" after the words "wildcat well". If you don't, you have an anomaly that comes in conflict with the present regulation, the provision for locating a wildcat well in the center of forty acres subdivision. In respect to a wildcat well for gas on 160 acres, it has to be 990 feet from the outer portion of 160 acres, which would not permit a center of forty acres for an oil location, so you would cause a well to be drilled for wildcat, with pool definition later, and I am also of the opinion that it was intended at first that this wildcat decision was primarily for gas - this 160 acre provision. If you insert

"drilled for gas" after "wildcat well" in this paragraph, it will permit a 40 acre wildcat, with well in the center, for oil, but if it is a wildcat for gas, it will have to conform to the 160 acre law. I merely offer that as a suggestion.

COM. SPURRIER: Are there any other comments on the case?

MR. MACEY: Would you not say a well in the San Juan Basin, if a wildcat, would be a marginal rather than a center?

FOSTER MORRELL: The well would have to be in the center of forty acres. All the Tonto wells, including the original well, was drilled on forty acres and most of the Dakota field wells are in the center of forty acres.

COM. SPURRIER: Any other comments? We will take the case under advisement.

\*\*\*\*\*