

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

November 19, 1953

IN THE MATTER OF:

Application of El Paso Natural Gas Company for an order permitting the commutizing of short or narrow half sections on a North-South basis as they may lie along the west side of Township 31 North, Range 8, West San Juan County for the purpose of creating drainage units and allowable approximately corresponding to the spacing and allowable requirements of Order R-110 relating to the Blanco-Mesaverde pool.

Case No. 606

BEFORE:

Edwin L. Mechem, Governor
E. S. Walker, Land Commissioner
R. R. Spurrier, Secretary, Oil Conservation Commission

TRANSCRIPT OF PROCEEDINGS

MR. SPURRIER: The next case on the docket is Case 606.

(Notice of publication read by Mr. Graham.)

MR. SETH: Mr. Seth of El Paso Natural. Mr. Morrell will testify.

F O S T E R M O R R E L L

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

MR. SETH: If the Commission please, this is an application for Communitization pooling of narrow quarter sections along the west side of 31, north, 8 west. As the Commission recalls this same question has arisen three times before. It was the subject of the hearing in Case 258, Case 300 and Case 236. Those

previous cases considered 29 north, 8 west, 30 northwest and 31 north, 9 west. This is a similar problem to that considered in those cases. Mr. Morrell, would you state your name, please?

A My name is Foster Morrell.

Q By whom are you engaged, Mr. Morrell?

A I am petroleum consultant, engaged in this case by El Paso Natural Gas Company.

Q You have testified many times before the Commission, have you not?

A I have.

Q Would you state to the Commission, please, the proposal of the El Paso Natural in this case and to describe the drilling units proposed?

A The proposal of El Paso Natural Gas Company in Case 606 is to provide drilling and proration units in township 31, north, range 8 west, to comprise the west half of section 6 and the northwest quarter of section 7 as a single unit, the southwest quarter of section 7 together with the west half of section 18 as a unit, the west half of section 19 and the northwest quarter section 30 as a unit, the southwest quarter of section 30 and the west half of section 31 as a unit. These units are all fractional in as much as the west line of lots in the township approximate 14 to 15 acres instead of the normal 40 acres.

Q Would you state the acreage in the drilling units, communitization units there, starting from north to south, the northeasterly most one is number one.

A These proposed drilling units in the order in which they were described as respectively 332.94 acres; 330.16 acres;

326.56 acres, and 326.0 acres.

Q The proposal is for the pooling of Mesa Verde Gas, is that correct?

A That is correct.

Q What would be the result if the normal spacing rules were applied to this situation?

A There would be an excess number of wells and/^{it}would be impossible to protect the correlative rights of the adjoining operators.

Q Is it possible that it would tend to deprive the owner of those small tracts of securing his fair share of the gas?

A That is correct.

Q Do you believe that this proposal is in the interest of conservation and prevention of waste?

A It is.

Q Would you state to the Commission, please, the proposed well locations on each of these four tracts?

A The proposed locations for well sites on these four tracts would be in the southwest quarter of section 6, the southwest quarter of section 18, southwest quarter of section 19 and the southwest quarter of section 30.

Q To accomplish a uniform pattern, what would be the well locations on the east half of these sections?

A The well locations on the east half of these specific sections would be in the northeast quarter of each section in the normal manner in which the field is being developed.

Q Is there presently a well within any one of these four tracts?

A Yes, there is a drilling well on tract three in southwest quarter of section 19, and a completed gas well by the Mesa Verde in the southwest quarter of section 30 on tract four.

Q Did those locations conform to the pattern that is proposed here?

A They do.

Q Are there any wells on the east half that would be out of pattern?

A There are no wells on the east half out of pattern. There are two wells completed on pattern, on section 30 and 31.

Q Do you have any recommendation to make to the Commission to the location of the wells on these four tracts with relation to the outside lines of tracts?

A It is my recommendation that the wells should be located not closer than 660 feet to the outer boundary of the drilling units.

Q Was that provided in the order in R 60 and Order R 120, do you recall?

A It was so included in those two orders.

Q As to the proration of these tracts in the event proration is established in this county, what are your views on that subject?

A It is my recommendation that the acreage of these respective drilling units be taken into consideration in the event of any future gas proration, the acreage of these units being in ratio to the normal 320 acre units.

Q Do you believe that the other aspects of proration can be adequately provided for in the order at that time?

A I believe they can.

MR. SETH: That is all we have.

We would like to introduce this sketch made by Mr. Morrell as temporary exhibit number one, of El Paso, and like to submit a photostat of the official plat when available.

MR. SPURRIER: Without objection, it will be admitted.

Q Was this taken off the official plat?

A That was taken off the official plat of general and public survey.

Q It is, shows the general acreage of the plots and the quarter and a half sections, does it not?

A It does.

MR. SETH: That is all.

MR. SPURRIER: Does anyone have a question of the witness.

MR. GRAHAM: That completes the township situation in that area, Mr. Morrell?

A In this particular area, it does. The short lots do extend to the north in 32, north, but in that area they are included within an approved unit area. So that those short lots will be taken care of under the unit agreement.

MR. SPURRIER: If no further questions, the witness may be excused.

MR. SETH: That is all we have.

MR. SPURRIER: Anyone have a comment in this case? Mr. Davis?

MR. DAVIS: Quilman Davis, representing Southern Gas Company. We concur.

MR. KELLAHIN: Representing Phillips Petroleum Company.

We have no interest in this immediate area, but we do concur in El Paso's application, however, we would like to make this statement in connection with the question of proration in the advertisement when the case was advertised as including also for the purpose of completing drilling units approximately ~~corresponding to~~ the spacing and allowable requirements of Order Number 110 relating to Blanco and Mesa Verde. In view of the testimony given, I believe it would be appropriate to include in the order the provisions which does appear in Number R110 under sections Three, subparagraph A, which reads as follows:

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 trace that is smaller than the drilling unit establishment 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 such tract to the area of a full unit of 320 acres.

We would like to see something of this nature included in the order. 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 or produce such tract if the same can be

done without wasting, but in such cases an allowable production from such tract with a full unit would be in ratio to such tracts of the area of the full unit of 320 acres. I believe that would leave the question open just as Mr. Morrell suggested and would embody the acreage feature in the order.

MR. SPURRIER: Anyone else? If not, we will take the case under advisement and take a short recess.

(Recess)

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I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing transcript of proceedings was taken by me on Thursday, November 19, 1953; that the same is a true and correct record to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 25th day of November, 1953:


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