

BEFORE THE

**Oil Conservation Commission**

SANTA FE, NEW MEXICO  
November 17, 1954

IN THE MATTER OF:

CASE NO. 787 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
ROOMS 105, 106, 107 EL CORTEZ BUILDING  
TELEPHONE 7-9546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 17, 1954

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IN THE MATTER OF:

The application of Stanolind Oil and Gas Company for approval of non-standard gas proration units in certain "narrow" sections in the Blanco-Mesaverde Gas Pool, and for approval of unorthodox locations for two wells in said sections.

Applicant, in the above-styled cause, seeks exception to provisions of Commission Orders R-110 and R-397 to permit formation of three non-standard gas drilling and proration units in the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, these being necessitated by the physical irregularity of Township 29 North, Range 9 West, on its western boundary; applicant contemplates formation of (1) the Houck Gas Unit of 263 acres consisting of N/2 Section 6; and (2) the Jaquez Gas Unit "C" of 342 acres consisting of S/2 Section 6 and N/2 N/2 N/2 Section 7; and (3) the Nye Gas Unit of 351 acres consisting of S/2 N/2 N/2, and S/2 N/2, and N/2 S/2 of Section 7, all in the aforementioned Township 29 North, Range 9 West; and further, applicant seeks approval of the following locations in deviation from normal spacing requirements: (1) Jaquez Gas Unit "C" location 850 feet from the south line and 1750 feet from the east line of Section 6; and (2) Nye Gas Unit location 1750 feet from the north line and 790 feet from the east line of Section 7.

Case No. 787

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BEFORE:

Honorable Edwin L. Mechem  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 787.

R. L. H E N S E N ,

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

DIRECT EXAMINATION

By MR. SMITH:

Q Will you state your name, please?

A R. L. Hensen.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q I don't believe you have testified before the Commission on prior occasions, have you, Mr. Hensen?

A That is correct.

Q What degrees do you hold?

A I hold a Bachelor of Science in Petroleum Engineering.

Q What school?

A Tulsa University.

Q By whom have you been employed since you left Tulsa University?

A By the Stanolind Oil and Gas Company.

Q How long has that employment lasted?

A I have been with Stanolind ten years. I have been employed as petroleum engineer for the past five years.

Q Have you had occasion to handle proration matters before various administrative bodies?

A I have.

MR. SMITH: I will ask if the Commission will accept Mr. Hensen's qualifications as petroleum engineer?

MR. MACEY: They will.

(Marked Stanolind's Exhibit No. 1,  
for identification.)

Q Mr. Hensen, we have for consideration by the Commission, an application for three unorthodox unit locations for wells in the Blanco Field. Will you please indicate the first unit for consideration? I believe it is Houck.

A Yes, it is located in the north half of Section 6.

Q These are short sections, are they not?

A Yes. All the sections on the western part of this township are considered narrow sections, in that they do not contain the full 640 acres.

Q What do they contain, approximately 540 acres?

A Yes, that is correct.

Q In referring to the Houck Unit, I will ask if the unit has been formed and the well drilled?

A Yes.

Q When was the well created?

A February 6, 1953.

Q How many acres in the Houck Unit?

A Approximately 263 acres.

Q Will you explain why the unit is somewhat smaller than that usually prescribed for spacing and proration units in that area?

A It is smaller by virtue of the narrow sections.

Q Is there any particular reason why the line was drawn at the south end of the section?

A Well, we just formed the unit out of the north half.

Q It could have been extended further south, was there any

reason it wasn't extended further south?

A Yes, sir, it was contemplated at the first to form a full 320-acre unit out of the east half of the Section 6. However, that wasn't possible in this case inasmuch as there was this H. S. Royce Lease, the tract was unleased at the time and Stanolind's Vialpando Lease had no pooling clause which precluded our forming a proration unit of the east half of the Section 6.

Q Was there any particular reason why the well was drilled and completed when it was?

A Yes, sir. We had our Bertha M. Houck lease, an expiration date was eminent. Under the terms of the lease, it is my understanding that a well was to be commenced by February 1st of 1953.

Q That is a Federal Lease, is it not?

A Yes, sir.

Q On a known geological structure?

A Yes.

Q Unable to extend the lease and it was necessary to drill prior to July 1st?

A Yes.'

Q The unit was formed rather hurriedly for that reason?

A Yes, sir.

Q I ask you to state why it is at this late date we are coming in for application for exception?

A We are somewhat red-faced in that respect. The unit was put together in haste and inadvertently, it was inadvertent that we did not come to the Commission for it. It was an honest mistake, we are now trying to rectify the situation now.

Q We now have leases on the Royce lease and the Vialpando

lease immediately south?

A Yes.

Q Can you state the approximate date we obtained the lease on the Royce tract of land?

A It was obtained on the Royce on November 9th of 1953.

Q And were pooling clauses obtained from the mineral owners under the Vialpando tract of land so it could be included into a pooling unit?

A Yes.

Q That brings us to the next unit lying immediately south of the Houck Unit. What is the name of that unit?

A That is the Jaquez "C" Gas Unit.

Q How many acres does it consist of that?

A That is comprised of approximately 342 acres.

Q Has the unit been formed?

A Yes.

Q Has the well been drilled?

A No, sir.

Q Will you state to the Commission the reason for asking for an unorthodox location for that particular well?

A In this particular unit there is a questionable title on all of the tracts within that unit with the exception of the Jaquez tract at this location. I would like to point out that there is production on all sides of these units, and there is a need for development. We feel that it is necessary to commence operations as quickly as possible.

Q If we follow the normal pattern of development where would the well normally be developed in the Jaquez Unit?

A It is not possible to place a regular location on the Jaquez tract. By commencing, the field rules in the Blanco field provide that wells should be located 990 feet from the outer boundaries of the northeast quarter or the southwest quarter of a section. In this case, if we are to utilize all of the distance tolerance provided in the rules, the absolute maximum distance from the west line would fall 1850 feet from the west line. That will not get us on the Jaquez tract.

Q It would place it in the Fidel Montoya tract?

A Yes.

Q It is my understanding that the title to that is questionable and there is some possibility that someone might attack the title and get the well at a later date?

A Yes, that is.

Q That is our reason for asking for it on the Alex Jaquez tract?

A Yes.

Q I will ask you whether or not the area surrounding it is proven productive of gas?

A Yes.

Q In the Mesaverde formation?

A Yes.

Q Do we have proven production lying to the west, the north, the east?

A Yes, sir, we do.

Q There is no production in the south as yet?

A No, sir, not directly south.

Q From your previous testimony it is obvious that the Stanolind

is the operator of the unit lying immediately north?

A Yes.

Q Who owns the acreage to the east, immediately?

A Stanolind owns the bulk of that acreage also.

Q Also to the south?

A Yes, sir.

Q Passing on to the next unit lying immediately south of the Jaquez unit, will you explain the reason for making the application for an exception in that instance?

A In the Nye Unit.

Q Nye Unit?

A Yes. The Jaquez Unit has set the pattern for this subsequent unit by forming into the north half in Section 6. We have had to stick to the pattern on these units to the south. Now then, we felt compelled to assign a full 320 acres to each of these units.

Q Each of the last two that you have been testifying about?

A Yes, sir.

Q Does the proposed location of the well in the Nye Unit conform to the normal spacing pattern?

A Yes, sir, it does. The location of that well is 790 feet from the east line of the northeast quarter of Section 7. The Blanco rules provide for, as I stated before, 990 feet from the outer boundary with a tolerance of 200 feet.

Q Under normal circumstances it wouldn't be necessary to make application for an exception except for the fact that we do not conform to the usual alignment of units because of these short sections over here?

A Yes, sir, that is right.

Q Do you have any further testimony you care to add?

A No, sir. -- Yes, excuse me. There is one more thing. You will note that these units do cross section lines.

Q Yes.

A As I stated previously, in order to assign a full 320 acres acres, at least 320 acres to these units, it has been necessary to cross section lines. Again that was necessitated by the irregular shape of the sections along the western boundary of that township, and further necessitated by the original Houck Gas Unit in the north half of Section 6.

Q The shortage of acreage in each of the sections?

A Yes.

MR. SMITH: I believe that is all.

MR. MACEY: Any questions of the witness?

MR. SMITH: I would like to offer in evidence, Stanolind's Exhibit 1.

MR. MACEY: Any objection to the introduction of Exhibit 1? If not it will be received. Mr. Hensen, when you add up all the acreage that you are going to dedicate to your three wells, it approximates 320 acres per well, about 319 per well?

A Yes, is is about four acres shy, 263 in the first, 342 the second and 351, which adds up to four acres off 320 acres per well.

MR. MACEY: That is all I have. Do you have anything further? If not the witness may be excused and we will take the case under advisement.

(Witness excused.)

STATE OF NEW MEXICO )  
                                  : SS.  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 23rd day of November, 1954.

*Ada Dearnley*  
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Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955