

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 17, 1955

IN THE MATTER OF:

CASE NO. 939 & 940 Consolidated.

TRANSCRIPT OF PROCEEDINGS

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
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IN THE MATTER OF:

Application of Angels Peak Oil Company for approval of a 190.89 acre non-standard drilling and gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool, to consist of W/2. W/2 E/2 of fractional Section 12, Township 28 North, Range 11 West, San Juan County, New Mexico, and to be dedicated to applicant's Angels Peak Well #18, 990' from the south and west lines of said Section 12.

Case No. 939

Application of Angels Peak Oil Company and Congress Oil Company for approval of a 192.97 acre non-standard drilling and gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, to consist of E/2 E/2 of fractional Section 12, Township 28 North, Range 11 West, and the W/2 of fractional Section 7, Township 28 North, Range 10 West, and to be dedicated to a well yet to be drilled.

Case No. 940

Consolidated.

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 939.

MR. GRENIER: May it please the Commission, Cases 939 and 940 each relate to requests for approval of non-standard drilling and gas proration units. They are adjacent tracts and many of the facts are common thereto. If the two cases might be consolidated, I think we would save time and not have to duplicate testimony.

MR. MACEY: Is there objection to consolidation of Cases 939

940, for the purpose of making the record. If not, let the record show the cases were consolidated and the witness sworn in both cases.

MR. GRENIER: A. S. Grenier, appearing for Southern Union and Angels Peak Oil Company, and Congress Oil Company.

A. M. W I E D E R K E H R ,

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

DIRECT EXAMINATION

By MR. GRENIER:

Q Mr. Wiederkehr, will you state your name for the record?

A A. M. Wiederkehr.

Q What is your position?

A Manager of Exploration, Southern Union Gas Company.

Q The applicants in these cases are what companies?

A Angel Peak Oil Company and Congress Oil Company.

Q What is the relationship of those two companies to Southern Union Gas Company?

A They are independent companies in which Southern Union controls the major portion of the stock, and Southern Union operates the companies.

Q They are subsidiary companies of Southern, which Southern Union operates through its own staff?

A That is correct.

Q So, you are serving in the same capacity in these companies as you are for Southern Union Gas?

A That is right.

Q Have you testified previously before this Commission?

A I have.

MR. GRENIER: Are the witness's qualifications acceptable?

MR. MACEY: They are.

Q Describe for us, if you will, what the two units are that are proposed in these two cases?

A In Case 939, this case involves Angel Peak Oil Company's Well Number 18, which is located in the west half of fractional Section 12, Township 28 North, Range 11 West. Fractional Section 12 is somewhat smaller than a normal section, due to the land survey, and the quarter section which would normally be attributed to a Pictured Cliffs well in this area, contains considerably less than the normal 160 acres; in this case, 127.48 acres.

The second case, 940, has to do with a well, which at the time of our application was to be drilled, and which well at the present time has been completed in the east half of the east half of Section 12.

Q That is the same Section 12?

A That is the same section. One well being in the west half of the west half and the other in the east half of the east half. This particular quarter section, or as it happens to be in this instance, half section, contains 126.6 acres, which is still below the normal 160 acres usually attributable to Pictured Cliff Wells.

Q That is the east half of Section 12?

A That is correct.

Q Which contains in effect, what would be the south half of the south half of the normal size section, plus a small additional amount above that?

A Small lots above that.

Q Four small lots above that. The two units proposed, the one in 939 consists again of one --

A The proposed units consist of the west half of Section 12 and the west half of the east half of 12.

Q In 940?

A Would be the east half of the east half of 12 and the west half of Section 7, Township 28 North, Range 10 West.

Q Have you prepared plats, Mr. Wiederkehr, to show the outline of these two proposed units?

A Yes, I have.

Q In relation to existing wells?

A Yes, we have.

MR. GRENIER: Mark Exhibit No. 1 in Case 940 and Number 2 in Case 939.

(Marked Exhibits Nos. 1 and 2, for identification.)

Q Referring to the unit proposed in Case Number 939, that is to say the west three quarters of this fractional section 12, is there any established proration unit presently in effect for that well that is located on that unit?

A Yes, when prorationing went into effect in the San Juan Basin, we applied for a non-standard unit at that time, asking for the west half of Section 12 to be designated as the unit. This was approved on March 15, 1955, NWU Order Number 5.

Q That was the Commission's Order NWU-5?

A Right.

Q An administrative order?

A That is correct.

Q Has there been any specific order of the Commission, either administrative or otherwise, affecting the remainder of the acreage here involved? ~~That is, the east half of the east half of 12 and~~

the west half of the adjoining Section 7 in the next township?

A No.

Q Why is it now desired, Mr. Wiederkehr, to expand the unit established in Administrative Order NWU-5 so as to take in the west three-quarters instead of the west half of Section 12?

A Due to additional drilling and new completion practices we have decided that the remainder of our acreage there in this particular location is productive, and we have at the same time been able to see the allowables that are granted under its present acreage allocation, and we have production history from the well to show that its capacity exceeds the allowable granted under this smaller unit, and in order to drill as few wells as possible to drain the given area, we wish to enlarge this unit to 190 acres, and set up another unit of approximately 190 acres in order that two wells might cover this particular acreage. And, at the same time, by doing that we will not have to drill additional wells, spend an additional twenty to thirty thousand dollars to recover no more gas than can be recovered by these two.

Q First of all, what is the designation of the well in the west half of the west half of 12?

A Angel Peak Unit Number 19.

Q Number 19 or 18?

A In 12, 18.

Q What is the designation of the recently completed well in the east half of the east half of 12?

A Angel Peak Number 19.

Q In your opinion, will the Angel Peak Number 18 Well be capable of efficiently and economically draining without waste the entire

revised proposed unit?

A I think it will. Its capacity would indicate it would.

Q Will it be able to produce the expanded allowable which would be granted to it if three-quarters of a section were set up as a new drilling pattern?

A On the present allowable basis it would. The present allowable with 126 acres is approximately two million a month. The records have indicated it has produced eight million per month.

Q That would make an allowable of three million per month.

A Right.

Q Which would be covered by the wells known?

A It has produced twice that amount.

Q As to the Angels Peak Number 19, which is on the unit proposed in Case 940, how about that well's capabilities?

A We do not have an official test on it, but the gauge initially upon completion showed an initial potential of some two and a half million, which is comparable to the initial on Angels Peak No. 18.

Q In your opinion, will that well be capable of efficiently and economically draining the entire area in the proposed unit?

A I think it will.

Q In your opinion, may the entire area comprising these two proposed units be reasonably presumed to be productive of oil and gas, or gas?

A Due to the development around the area, I would say it will be productive.

Q Of gas?

A Yes.

Q From what formation?

A Pictured Cliffs.

Q Have offset operators been notified, Mr. Wiederkehr, of these applications?

A Yes, they have.

Q Who are they?

A Kutz Canyon Oil and Gas Company on the east, Aztec Oil and Gas Company on the west, Pubco Development, Inc. own the north and Texas Company own the north, and then two independents, a Charles T. Campbell and Robert Mims and A. J. Flag.

Q All of those parties have been notified by registered mail, is that correct?

A That is correct.

Q Have answers been received back from any of them approving the proposed unit?

A Yes, we have answers back from the Texas Company, from Aztec Oil and Gas Company and Pubco Development Company, Inc.

MR. GRENIER: We would like to have marked as Southern Union Gas Company's Exhibits 3, 4 and 5, these letters from Texas Company, Aztec Oil and Gas Company, and Pubco Development Company, Inc., respectively, indicating a consent to the proposed unit.

(Marked Southern Union Gas Company's Exhibits 3, 4 and 5, for identification.)

Q Nothing has been heard from any of the other operators, is that correct?

A No, we have no correspondence from the rest of the operators.

Q Do you have any further comments that you would like to make in this case?

A Only to say that the Well No. 19 which was not drilled, but

has been drilled since our application, was so located that in the event the Commission deems it not advisable to approve the unit, we are still in position to produce it as a half section or a 126-acre unit. In other words, we didn't presume --

Q (Interrupting) You are not suggesting to the Commission they do that?

A We didn't presume they would automatically okay it, the well is so located. We feel an additional well in the area would be required if these are not approved, and the additional well would be the additional expenditure of some twenty-five thousand dollars of money that is not called for. We think it economic waste.

MR. GRENIER: We have no further testimony in these cases, but would like to ask that Southern Union's Exhibits 1 through 5 be accepted.

MR. MACEY: Without objection they will be received. Any question of the witness?

CROSS EXAMINATION

By MR. NUTTER:

Q To what do you account the productivity of the west half?

A In the northeast quarter of Section 18 there is a completed well which is east of the west half of Section 7 and then there is production to the south of it and to the west of it. We do not have any production to the north of it, but the west half of the southwest quarter was just purchased by Pubco Company on the July 19th sale, to give them a drilling block.

Q Which acreage was that?

A The west half of the southwest quarter of Section 36 to the north was just recently purchased. It was open acreage. It belonged

to the State until the 19th of July, so it could not very easily have been drilled. We have no conclusive proof that it is productive to the north, but we do have production to the west and to the south and to the southeast.

MR. GRENIER: The indicated opinion of someone else that they think it is worth bidding on.

MR. MACEY: Anyone else have a question of the witness?

By MR. RIEDER:

Q My question is based on the fact it will require a pool extension, as the west half of the Section 7 is outside the pool limits. It will require the extension, and it will require the Commission to have some basis for extension.

A I did not bring the contoured map. I think if the Pictured Cliffs is contoured, you will find the contour running from Kutz Canyon No. 1 Kutz in the northeast quarter of 18 will include the west half of Section 7. That would show it would be productive. As I stated earlier, the reason we didn't drill in the west half of Section 7 is because we didn't know if you were going to approve this unit or not.

MR. MACEY: Anyone else? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Does anyone have anything further in these cases? If nothing further we will take the cases under advisement.

