BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 24, 1956

IN THE MATTER OF:

CASES 1005, 1006, 1007, 1008 & 1009

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 24, 1956

. . . . . .

IN THE MATTER OF:

CASE 1005:

Application of Blackwood and Nichols Company for an order approving a non-standard gas proration unit in exception to Rule 1 of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D. Applicant, in the above-styled cause, seeks an order establishing a 259.82 acre non-standard gas proration unit consisting of Lots 5, 6, 7 and 8, and the E/2 W/2 Section 19, Lot 5 and the NE/4 NW/4 Section 30, Township 31 North, Range 7 West, San Juan County, New Mexico; said acreage to be dedicated to applicant's proposed well to be drilled in the SW/4 of said Section 19.

CASE 1006:

Application of Blackwood and Nichols Company for an order approving a non-standard gas proration unit in exception to Rule 1 of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D. Applicant, in the above-styled cause, seeks an order establishing a 250.65 acre non-standard gas proration unit consisting of Lots 6, 9 and 10, E/2 SW/4, SE/4 NW/4 Section 30, Lots 7 and 8, E/2 NW/4 Section 31, Township 31 North, Range 7 West, San Juan County, New Mexico; said acreage to be dedicated to applicant's proposed well to be drilled in the SW/4 of said Section 30.

CASE 1007:

Application of Blackwood and Nichols Company for an order approving a non-standard gas proration unit in exception to Rule 1 of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D. Applicant, in the above-styled cause, seeks an order establishing a 296.02 acre non-standard gas proration unit consisting of Lots 11 and 12, E/2 SW/4 Section 31, Township 31 North, Range 7 West; Lots 11, 12, 17 and 18, E/2 W/2 Section 6, Township 30 North, Range 7 West, San Juan County, New Mexico; said acreage to be dedicated to applicant's Northeast Blanco Unit Well No. 23-6 located in the SW/4 of said Section 6.

CASE 1008:

Application of Blackwood and Nichols Company for an order approving a non-standard gas proration unit in exception to Rule 1 of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D. Applicant, in the above-styled cause, seeks an order establishing a 298.90 acre non-standard gas proration unit consisting of Lots 7, 8, 13 and 14, E/2 W/2 Section 7, Lots 7 and 8, E/2 NW/4 Section 18, Township 30 North, Range 7 West, San Juan County, New Mexico; said acreage to be dedicated to applicant's Northeast Blanco Unit Well No. 31-7 located in the SW/4 of said Section 7.

CASE 1009:

Application of Blackwood and Nichols Company for an order approving a non-standard gas proration unit in exception to Rule 1 of the Special Rules and Regulations for the Blanco Mesaverde Gas Pool, San Juan and Rio Arriba Counties, New Mexico, as set forth in Order R-128-D. Applicant, in the above-styled cause, seeks an order establishing a 307.44 acre non-standard gas proration unit consisting of Lots 12 and 13, E/2 SW/4 Section 18, Lots 6, 7, 12 and 13, and the E/2 W/2 Section 19, Township 30 North, Range 7 West, San Juan and Rio Arriba Counties, New Mexico; said acreage to be dedicated to applicant's proposed well to be located in the SW/4 of said Section 19.

. . . . . .

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: Next case is Case 1005 and I presume 1006, 1007, 1008 and 1009. I presume that you would want to consolidate those for the purposes of testimony.

MR. SETH: Yes. Seth & Montgomery appearing for Blackwood and Nichols. I believe they contain common questions of fact and regulations, and I would like to consolidate those for hearing.

MR. MANKIN: Is there objection to consolidating these five cases for purposes of testimony? If not, we will so hear them together for the purposes of testimony. Proceed Mr. Seth.

MR. SETH: I would like to call as a witness Mr. Loos.

MR. MANKIN: Just this one witness, Mr. Seth.

MR. SETH: Yes.

DE LASO LOOS

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

D I R E C T E X A M I N A T I O N

BY MR. SETH:

Q Would you state your name please for the record?

A De Laso Loos.

Q And by whom are you employed and in what capacity?

A Blackwood and Nichols Company, employed as District Manager for the Rocky Mountain District.

Q Would you please state your education, training and experience?

A I am a graduate of the University of Oklahoma with a Bachelor of Science Degree in Petroleum Engineering. Immediately after graduation I was employed by Cool and Stilley Engineering Company in Midland, Texas, and in November of 1950 I was employed by Blackwood and Nichols Company as a petroleum engineer.

Q What has been your experience with Blackwood and Nichols in this Northeast Blanco Unit Area?

A In May of 1952 we took over the Northeast Blanco Unit and I was moved to Durango to be in charge of the operation of the Northeast Blanco Unit.

MR. SETH: Are his qualifications acceptable?

MR. MANKIN: They are.

Q Mr. Loos, have you prepared a plat of the area that is covered by the applications in Cases 1005 - 1009?

A Yes, sir. I have some extra copies of this plat.

MR. SETH: We would like to have that marked as applicant's Exhibit one in each of these cases.

MR. GURLEY: You have the one plat for all the cases.

MR. SETH: I think the record will be consolidated.

MR. MANKIN: For the purposes of testimony.

Q Referring to this exhibit one, did you prepare this exhibit?

A I did.

Q Was it prepared under your direction?

A It was prepared under the direction of the General Manager in Oklahoma City with suggestions from me.

Q You are familiar with it?

A Yes, sir.

Q This exhibit indicates a row of sections along the west side of Townships 30 and 31 North, 7 West.

A That is correct.

Q These sections shown on this plat are narrow sections east and west, is that right?

A Yes, sir.

Q Do they contain the full half section on the eastern side . . . on the east side?

A Yes, sir.

Q And they contain a full E/2 of the W/2 in each instance.

A Yes, sir.

Q They are all full 80 acre tracts on the E/2 of the W/2 of these sections.

A Yes, sir.

Q Then the balance of the section is made up of lots of varying size.

A Yes, sir.

Q Now, are all of these sections within the Northeast Blanco Unit?

A Yes, sir.

Q Now, your application, referring to Case 1005, your application . . . will you state to the Commission what area the application covers. Start at the top of these exhibits.

A Case 1005 consisting of Lots 5, 6, 7 and 8, and the E/2 W/2 of Section 19, Lot 5 and NE/4 NW/4 of Section 30, Township 31 North, Range 7 West, San Juan County.

Q Is that tract outlined in red on the exhibit?

A Yes, sir.

Q Is the acreage figure indicated?

A Yes, sir.

Q What is the acreage?

A 259.82 acres.

Q Now, referring to Case 1006, would you describe please the carrying color of the application 1006?

A 1006 consists of Lots 6, 9 and 10, and E/2 SW/4, SW/4 NW/4 of Section 30.

Q SE/4 NW/4?

A SE/4 NW/4. Lots 7 and 8, and the E/2 NW/4 Section 31, Township 31 North, Range 7 West, San Juan County.

Q Now, is this area also outlined in red on exhibit one?

A Yes, sir.

Q What is the acreage indicated?

A It consists of 250.65 acres.

Q Now, referring to Case 1007.

A Case 1007 consists of Lots 11 and 12, E/2 SW/4 Section 31, Township 31 North, Range 7 West, Lots 11, 12, 17 and 18, E/2 W/2 Section 6, Township 30 North, Range 7 West, San Juan County, New Mexico.

MR. GURLEY: That is Township 30 North, Range 7 West, sir.

A Yes, sir.

MR. GURLEY: Thank you.

A Which consists of 296.02 acres.

Q Now Case 1008.

A Case 1008 consisting of Lots 7, 8, 13 and 14, E/2 W/2 of Section 7. Also Lots 7 and 8, E/2 NW/4 of Section 18, Township 30 North, Range 7 West, San Juan County, New Mexico, which consists of 298.90 acres.

Q Now Case 1009.

A Case 1009 consisting of Lots 12 and 13, E/2 SW/4 Section 18, and Lots 6, 7, 12 and 13, and the E/2 W/2 of Section 19, Township 30 North, Range 7 West, San Juan and Rio Arriba Counties, New Mexico, which consists of 307.44 acres.

Q Now, our application as originally submitted, as the Commission pointed out, omitted the E/2 NW/4 Section 19, that was later amended.

MR. MANKIN: We have a letter amending that.

Q Now, Mr. Loos, would you again start with Case 1005 and indicate the proposed well locations on the unorthodox proration units?

A In Case 1005 we propose to drill a well in the SW/4 of Section 19, Township 31 North, Range 7 West.

Q Is that location indicated on Exhibit One?

A Yes, sir.

Q Are there offsetting wells to this proposed non-standard unit?

A Well there . . . I don't recall which section it is, but there is an offset well.

Q Do you have some information on that?

A In Section 24, 31 North, 8 West, in the NE/4 there is a completed well drilled by Pacific Northwest.

Q Is that completed in the Blanco Mesaverde?

A Yes, sir.

Q Are there any other offsets outside the area of this 1005?

A No, sir.

MR. NUTTER: What was the location of that well again, please?

MR. LOOS: NE/4 of Section 24, 31 North, 8 West.

MR. MANKIN: Do you have the particular quarter-quarter section?

MR. LOOS: No, sir, I don't have the exact location.

Q Would you also indicate the proposed location of the well in the standard unit in Case 1005?

A There is a proposed well in the NE/4 of Section 19.

Q Now, for 1006. Indicate if you would please, first, the proposed well location.

A In 1006, the proposed well will also be in the SW/4 of Section 30, 31 North, 7 West.

Q Is the location in the SE/4 of the SW/4?

A Yes, sir.

Q Is that well offset by unit acreage on the west?

A Yes, sir.

Q Now, referring again to Case 1007.

A 1007 - the well in 1007 has been completed which is in the SW/4, SE/4 of the SW/4 of Section 6, 30 North, 31 North, 7 West.

MR. MANKIN: That well has been designated as 23-6.

MR. LOOS: Yes, sir.

MR. GURLEY: You say that is 30 or 31 North?

MR. LOOS: That would be in 30 North, 7 West and . . .

Q Now, the proposed location . . . to the east of that standard unit, is that a normal location.

A Yes, sir, a normal location.

Q Now, Case 1008.

A Case 1008. There is a well completed which is designated Northeast Blanco Unit Well No. 31-7, which is in the SE/4 of the SW/4 of Section 7, 30 North and 7 West.

Q Do you have the official identification on this well? Or can you get the identification?

A Northeast Blanco Unit 31-7.

Q And the offsetting wells to the east, is that a normal . . .

A A normal Northeast location.

Q Now, Case 1009.

A Case 1009. The proposed well to be located in the SE/4 of the SW/4 of Section 19, Township 30 North, 7 West.

Q Is there an indicated location for the well on the E/2 of Section 19?

A The S/2 of Section 18, 30 North, 7 West, and the N/2 of Section 19, 30 North, 7 West, is acreage or surface acreage which is reserved for the proposed Navajo Dam Project. Therefore, we propose to drill a well in the SE/4 of Section 19, 30 North, 7 West.

Q Are there wells offsetting Section 19?

A Yes, sir.

Q Can you describe them?

A I think that is El Paso Natural Gas Company's acreage or unit south of the Northeast Blanco Unit. The wells in there have been drilled by Pacific Northwest Pipeline Corporation, in Section . . . I believe the Northeast of 25, 30 North, 8 West. I don't know if that well in Section 30, 31 North, 7 West, would apply in this case as an offset well to the SE/4 of the SW/4 of Section 19.

Q Is there a . . . did you mention the well in Section 30?

A Yes, sir. Up there in the Northeast.

MR. NUTTER: I believe you meant 30 North. You said 31 North.

MR. LOOS: Yes, sir.

Q Now, considering all the cases together, has this arrangement of acreage and proposed locations - does that correspond as nearly as possible to the existing rules in this particular pool insofar as possible?

A Well, I believe so. We tried to work out different acreage allocations to a different number of wells in this strip. If you say, for instance, have four wells in there, then and try and divide the acreage equally among four wells, then you would have to cross an arbitrary line and then the E/2 of these sections, which is I believe, impossible under the rules.

Q I didn't ask you about the acreage offsetting on the west and in Sections 30 & 31, 6, 7 & 18, is that within the Northeast Blanco Unit?

A Yes, sir. The exception is the south of 19.

Q It is offset by all unit acreage. Mr. Loos, in your opinion, is this arrangement of acreage in the shape of these non-standard units - will that permit the best possible development in your opinion and prevent the drilling of unnecessary wells?

A I think that this arrangement is about as near as we can arrange the thing to properly drain our own acreage and protect ourselves against the offset wells in two particular cases - Case 1005 and Case 1009.

Q And will permit you to recover your fair share of the oil and gas in place.

A Yes, sir.

Q And in your opinion, will it permit waste?

A I don't think so.

Q Will it prevent waste?

A Yes, sir.

MR. SETH: I believe that is all.

MR. MANKIN: Mr. Loos, in most cases these five non-standard units you are asking for are offset either by unit acreage to the west and, therefore, protected within the unit. Except possibly to the north of the unit.

MR. LOOS: Yes, sir.

MR. MANKIN: In Section 19, 31 North, 7 West, which is offset by acreage other than the unit.

MR. LOOS: And also to the North - 19.

MR. MANKIN: That is the one I am speaking of.

MR. LOOS: And South also.

MR. MANKIN: And South also. This application, of course, requests a non-standard or unorthodox unit. It isn't in the call of this hearing to approve the non-standard locations. I presume that you will make a separate administrative request of the Director of this Commission - request because of of surface conditions and the dam and the back waters of the dam, you will request a separate permission for the non-standard location of the wells.

A Yes, sir. Before we submit our notice of intention to drill, we

will secure authority from the Secretary - Director for an unorthodox location.

MR. MANKIN: I believe you will find it can be done as an exception to Order R-110 which states that the well should be 990 from the outer boundaries. Of course, that is not possible in these cases and that can be done administratively. Do you have anything further?

MR. SETH: No, we haven't.

MR. NUTTER: Mr. Loos, with respect to the proration units on the east side of this row of partial sections, are all of those original units standard in size?

MR. LOOS: The E/2 of these sections are 320 acres.

MR. NUTTER: They are all standard proration units.

MR. LOOS: Yes, sir.

MR. NUTTER: Now, with respect to the location of wells that are proposed, all of the locations are standard with respect to the location except the one that is located in Section 19, of Township 30 North, Range 7 West.

MR. LOOS: Yes, sir.

MR. SETH: The reason the existing well in the E/2 of 18 -

MR. NUTTER: I said with respect to the proposed well. The well that has been drilled in Section 18 is non-standard but approval has already been obtained for that one.

MR. LOOS: It is an unorthodox location. The reason that we propose this well in the SE/4 of 19 is due to the reservations of the N/2 of Section 19 for the proposed dam site.

MR. NUTTER: Have you been out there yet and made a survey of the proposed location of that well in the SE/4 of Section 19, 30 and 7?

MR. LOOS: Not actually on the grounds, just visually.

MR. NUTTER: You don't have the footage location as yet?

MR. LOOS: No, sir.

MR. NUTTER: Now, the well will be located in the W/2 of Section 19, 30 and 7, will be a standard location won't it? It will be down in the SW/4.

MR. LOOS: Well, it will be SE/4 of the SW/4 which . . .

MR. MANKIN: Which would be non-standard.

MR. LOOS: It would be non-standard.

MR. MANKIN: Because it is closer than 990 to the outer boundary or the east.

MR. LOOS: From the east.

MR. MANKIN: From the center of the section. From the line through the center of the section running north and south.

MR. NUTTER: It will be impossible to get a standard location in either half then of 19, Mr. De Loos. One more question - what do you propose the allowable should be on the wells to be located in the W/2 of this partial row of sections.

MR. LOOS: Well, I on the standard 320 which is, gives a acreage factor of one, these wells would have 250 to 307. I think that the regular acreage factor of this acreage assigned to each well would be sufficient.

MR. NUTTER: In other words, the proportion that the acreage in each one of these proration units bears to 320 acres.

MR. LOOS: Yes, sir.

MR. NUTTER: That is all.

MR. MANKIN: Did you have anything further Mr. Nutter?

MR. NUTTER: No, I have nothing further.

MR. MANKIN: Mr. Utz.

MR. UTZ: Elvis Utz. In regard to the 12-18 in the . . . The well that has already been drilled in the E/2 of Section 18, 30 North and 7 West, is this well completed above the high water mark?

MR. LOOS: Yes, sir. It is a non-standard location if I remember correctly. It is 2500 from the north and 2500 from the east which . . . I forgot the elevation. We made sure that it was above the water level of the lake.

MR. UTZ: According to our contour map it is in the water.

MR. LOOS: The Federal Government, the Oil Conservation Commission, I mean the Bureau of Reclamation informed us, I believe, two years ago that we were not to have locations below 6139. They say that their lake level would be 6100 feet, and, therefore, when we stake a location we obtain the elevation at the same time and if it is below 6100, well then, we change our location and we have a great number of wells within the Northeast Blanco Unit that are non-standard locations due to that one fact.

MR. SETH: Are some of those on pilings?

MR. LOOS: We will have one that will be on pilings.

MR. UTZ: That is all I have.

MR. GURLEY: No questions.

MR. MANKIN: Do you have anything else? Is there any further questions of the witness? If not the witness may be excused. Do you wish

to enter this as an exhibit?

MR. SETH: We would like to offer Exhibit One.

MR. MANKIN: Is there objection to the entering of Exhibit One in the combined cases for the purpose of testimony in these cases? If not, it will be so entered. We will take the cases under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
: ss
COUNTY OF SANTA FE)

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

Dated at Santa Fe, New Mexico this 15th day of February, 1956.

Bobby Postlewaite