

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 7, 1956

IN THE MATTER OF:

Case No. 1026

TRANSCRIPT OF PROCEEDINGS

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

HEARING DATE March 7, 1956 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION
Donald L. Anderson	Pacific Northwest Pipeline Corp.	Albuquerque
James F. Sperling	" " "	Roswell, N.M.
Ernest H. Kuebler	Monsanto Chemical Co.	Roswell, N.M.
H. T. Leisk	Monsanto Chemical Co.	Roswell, N.M.
Billy B. Phipps	Monsanto Chemical Co.	Roswell, N.M.
W. Chase	" " "	Midland, Texas
J. H. Josselyn	" " "	Albuquerque N.M.

BEFORE THE
OIL CONSERVATION COMMISSION
March 7, 1956
Santa Fe, New Mexico

-----)
Application of Pacific Northwest Pipeline)
Corporation for an order granting approval)
of a non-standard unit in exception to Rule)
1 (a) of the Special Rules and Regulations)
of the Blanco-Mesaverde Gas Pool, San Juan)
County, New Mexico, as set forth in Order)
R-128-D, and for an order granting approval)
of an unorthodox well location in exception to)
Section 1(c) of Commission Order R-110 as)
amended by Order R-397.)
)

Applicant, in the above-styled cause, seeks)
an order approving a non-standard gas prora-)
tion unit consisting of Lots 1 and 2 and S/2)
SE/4 of fractional Section 8, and the E/2 E/2)
of Section 17, Township 32 North, Range 11)
West, San Juan County, New Mexico, contain-)
ing approximately 328.2 acres, and an order)
granting an unorthodox location for applicant's)
well to be located 1389 feet from the South)
line and 1309 feet from the East line of said)
fractional Section 8.)
-----)

Case No. 1026

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case on the docket is Case No. 1026, the application of Pacific Northwest Pipeline Corporation for an order granting approval of a non-standard unit in exception to the Rules of the Blanco-Mesaverde Gas Pool. Do you have witnesses in this case?

MR. SPERLING: Yes. My name is James E. Sperling, attorney from Albuquerque, New Mexico, appearing on behalf of Pacific Northwest Pipeline Corporation, the applicant in this matter. My witness is Donald L. Anderson, of the Land Department, Pacific Northwest Pipeline Corporation, also of Albuquerque, may Mr. Anderson be sworn please.

DONALD L. ANDERSON

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

DIRECT EXAMINATION

By MR. SPERLING

Q. Mr. Anderson, the application that has been filed herein by Pacific Northwest Pipeline Corporation has attached to it as Exhibit "A", a plat reporting to represent the ownership of the leasehold interests in the vicinity of the area covered by application for the unorthodox proration unit. Those units being Lots 1 and 2 and the S/2 SE/4 of fractional Section 8, and the E/2 E/2 of Section 17, Township 32 North, Range 11 West, containing approximately 328.2 acres. Is that Exhibit "A" as attached to the application a true indication of the leasehold interest ownership in the vicinity of the area covered by the application?

A. It is, yes, sir.

Q. And that has been confirmed by your company records?

A. Yes, sir, it has.

Q. State, Mr. Anderson, whether or not the application under consideration was filed pursuant to the suggestion of the Director-Secretary of the Oil Conservation Commission?

A. Yes, sir. We received a letter from the Oil Conservation Commission which requested that the two unorthodox----the non-standard proration unit be formed in this manner.

Q. And that letter came in response to a proposed plan of development for the Cox Canyon Unit Area, submitted pursuant to requirements?

A. For the calendar year 1956, yes, sir.

Q. Is---do you have a copy of that letter from the Commission?

A. Yes, sir, I do.

Q. You have already identified and stated this Exhibit "A" as being a plat indicating the area covered by the proposed application and indicating ownership in the area and also indicating the present existence of an unorthodox gas spacing unit granted pursuant to the application of Great Western Drilling Company. Is that correct?

A. That's correct, yes.

Q. I would like to offer this in evidence.

MANKIN: Is there objection to offering Exhibit "A" in evidence? If not, it will be so entered.

Q. The letter marked Exhibit "E" for identification is the letter to which I referred previously as having been received by Pacific Northwest Pipeline Corporation from the New Mexico Oil Conservation Commission suggesting the establishment of unorthodox gas spacing units?

A. Yes, sir, it is. Attached to that letter is the copy of the application for the 1956 Plan of Development, with the approval of the Oil Conservation Commission thereon subject to the letter in which they suggest the lands of the non-standard gas proration unit.

Q. You mean, the area be included within the non-standard gas proration unit?

A. That's correct, yes, sir.

MANKIN: Is there objection to entering Exhibit "E" in evidence? If not it will be so entered.

Q. Would you state for the record, Mr. Anderson, the proposed well location so far as the area covered by the present application is concerned?

A. The well is scheduled to be drilled in approximately the center of the----- what might be called the E/2 of fractional Section 8 or the SE/4 of Section 8. The footage location for that well is to be 1389 feet from the South line and 1309 feet from the East line of that fractional Section 8, Township 32 North, Range 11 West.

Q. In addition to the fractional Section 8 area described by you, what other area is covered by this application?

A. The E/2 E/2 of Section 17, Township 32 North, Range 11 West.

Q. Containing an area of 328.2 acres?

A. That's correct, yes.

Q. Can you state whether or not consent has been obtained from contiguous owners of leasehold interest in the area and state who those owners are?

A. The non-standard gas proration unit that was authorized by the Oil Conservation Commission is immediately to the west of the land subject of this application is on-----the interests are owned by Pubco Development, Inc. and Great Western Drilling Company. We have obtained letters from both companies in which they approve our application.

Q. Can you identify these as copies of those letters and as copies of the same letters attached to the application?

A. Yes, sir, they are. Exhibit "C" is noted here as the letter from Great Western Drilling Company, in which they state that it is agreeable with them. That is the formation of these non-standards.

Q. And the other letter?

A. The other letter noted as Exhibit "D" is a letter from Pubco Development, Inc., who also advised that they are agreeable to the formation of the proposed unit.

MANKIN: Do you wish to offer these Exhibits in evidence?

MR. SPERLING: Yes.

MR. MANKIN: Is there objection to the offering of Exhibits "C" and "D" as evidence? If not they will be so entered.

MR. SPERLING: State Mr. Anderson whether or not the United States Geological Survey has been advised of the proposed unorthodox spacing unit and the reaction of that agency?

A. We, of course have sent the USGS a copy of the 1956 Cox Canyon Plan of Development and they had advised them of the plan of forming the non-standard gas proration unit. The United States Geological Survey has advised us that they approve the Plan of Development providing the non-standard gas proration units are formed in accordance therewith and they state that the well location is satisfactory.

Q. Is that reflected in the letter from that agency directed to your company, marked Exhibit "B", and attached to the application, and which I hand you?

A. Yes, sir, it is.

Q. We offer it in evidence.

MANKIN: Is there objection to entering Exhibit "B" in this case? If not it will be so entered.

Q. Now the application as originally filed, Mr. Anderson, covered in addition to the acreage that you have previously described and I have previously described and as is described in the docket--covered the E/2 W/2 and the W/2 E/2 of Section 17, Township 32 North, Range 11 West. Can you advise us as to what action has been taken with reference to that application?

A. We have received a letter from the New Mexico Oil Conservation Commission signed by Mr. Macey, the Secretary-Director, stating that inasmuch as the waivers were enclosed with the application, there was authority granted the Secretary-Director, under the provisions of Rule 1, Section (b)-4 of the Special Rules and Regulations of the Blanco-Mesaverde Gas Pool as set forth in Order R-128-D that he was authorized to approve the non-standard gas proration unit that you described.

Q. Mr. Anderson, in your opinion is it necessary that the unorthodox spacing unit proposed be approved in order to allow the applicant to recover his fair share of the common source of supply underlying the area?

A. Yes, sir, it is.

MR. SPERLING: Thats all I have.

MANKIN: To further clarify the record, the letter in which you were granted a unit for the E/2 of the W/2 and W/2 E/2 of Section 17 as a 320-acre unit, that was granted as Order NWU-162, an administrative order, is that correct?

A. Yes, sir, thats correct.

MR. MANKIN: And it was for Cox Canyon Unit No. 7-17?

A. Thats correct, yes, sir. That well number.

MR. MANKIN: Also as a result of this application was Pacific Northwest Pipeline Corporation granted authority to go ahead and drill the well in question, in this particular case? I believe it was Well No. 8-8 Cox Canyon Unit pending the outcome of this case.

A. Yes, sir, it has.

MANKIN: In other words, you were given temporary approval for going ahead?

A. Thats true, yes, sir.

MR. MANKIN: So in this particular case you requested a non-standard location because of the fractional sections near each of these units and the non-standard unit?

A. Yes, sir, that is correct.

MR. UTZ: Mr. Anderson is the royalty and working interest common under this non-standard unit?

A. There are two federal leases involved---yes, sir, I see----the non-standard proration unit, the subject of this application-----yes, sir, that is true.

MR. UTZ: Can you tell me if-----

A. I beg your pardon, may I correct that. The portion of the non-standard gas proration unit in Section 17, that is the E/2 E/2 is a federal lease separate and apart from that of Section 8. The federal lease in Section 17 is New Mexico 03190. The federal lease in Section 8 is New Mexico 03189.

MR. UTZ: But they are both federal leases?

A. Yes, sir, they are both federal leases.

MR. UTZ: Do you know---can you tell me whether Cox Canyon---the Cox Canyon Unit is 100% participation, whether the royalty interests are 100%?

A. Yes, sir, they are. The participating areas have been established for the entire unit---to include the entire unit.

MR. UTZ: In regard to the N/2 of Section 20 in 32-11, and the W/2 of Section 28 in 32-11, can you tell me what your intentions are in regard to proration units for those areas?

A. The W/2 of Section 28 has been communitized and the well is drilling or perhaps completed now, I am not sure just which. We are in the process now of forming the communitization agreement for the N/2 of Section 20. That has not been accomplished at this time.

MR. UTZ: Then you will have no more non-standard units insofar as irregularities of Cox Canyon Unit are concerned?

