

EXAMINER HEARING
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 9, 1958

IN THE MATTER OF: Cases No. 1407 and 1408, Consolidated

TRANSCRIPT OF PROCEEDINGS

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INCORPORATED
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3-6691 5-9546

MR. UTZ: Would you care to make that motion?

MR. CARLIN: I would like to ask that the Cases 1407 and 1408 be consolidated for the purposes of testimony today.

MR. UTZ: Is there objection to this request? If not, the Cases 1407 and 1408 will be consolidated for the purposes of testimony.

MR. CARLIN: I will be the witness in both cases.

MR. PAYNE: Case 1407: Application of Delhi-Taylor Oil Corporation for a non-standard gas proration unit.

Case 1408: Application of Delhi-Taylor Oil Corporation for a non-standard gas proration unit.

MR. UTZ: Are there other appearances in this case? If not, you may proceed.

(Witness sworn.)

RUSSELL CARLIN

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

DIRECT EXAMINATION

By MR. COOLEY:

Q Will the witness state his name and position, please?

A My name is Russell Carlin, representing Delhi-Taylor. I have testified before the Commission in the past.

Q Mr. Carlin, are you qualified as an expert engineer or expert geologist?

A Engineer.

Q Expert engineer. Do you have particular knowledge of the condition existing in the Aztec-Pictured Cliffs Gas Pool in San Juan County, New Mexico?

A I have.

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

MR. UTZ: They are.

Q You may proceed, if you please.

A Initially, we perhaps made the wrong assumption that we could obtain administrative approval for both of these non-standard gas proration units, our assumption being based on Order No. R-60, dated March 21, 1951. This Order R-60 specified, among other drilling units, that the southwest quarter of Section 30 and the west half of Section 31, Township 29 North, Range 8 West, would constitute a drilling unit for production from the Mesaverde gas horizon, and all lands within each of the drilling units in this Order were pooled as to production from the Mesaverde gas horizon, and the Order provided for the establishment of drilling units other than a standard 320-acre governmental half-section, wherein the drilling unit could extend across section lines.

The applications in these two cases is similar to that contained in Order R-60, with the exception that we are dealing with Pictured Cliffs drilling units instead of Mesaverde. The Oil Conservation Commission has accepted and ruled on the fact that these short sections do exist in Section 30 and 31, Township 29 North, Range 8 West.

In Case 1407, I have two plats here which we can mark as Exhibit 1. This plat shows the 169.42 acres --

MR. UTZ: (Interrupting) Pardon me just a moment, Mr. Carlin. Do you have plats of the other unit, too, at this time?

A Yes, sir, for Case 1408. This is Exhibit 1 for Case 1408.

MR. UTZ: Okay.

A The Exhibit 1 in Case 1407 indicates the 169.42 acres which we are asking for as a non-standard proration unit in the Pictured Cliff formation in this particular area, which is approximately half of the Mesaverde non-standard unit which was asked for in the Order R-60 which I mentioned before. This well was completed on January 27, 1956, and it had an initial open flow potential in the Pictured Cliff of 1,467 mcf per day. This is a dually completed well and this is the annular completion.

MR. UTZ: The Prichard No. 4 is a dual completion?

A 4, and this is 4-C. No other wells will be drilled on this acreage, and being, you might say, as close as we could come to a regular quarter-section, about the only well that could be drilled in there and completed in that particular horizon and still produce that Pictured Cliff gas. To my recollection, there are no other completions in the Pictured Cliff offsetting this acreage. However, all offset operators have been notified of this application.

In Case 1408 we have somewhat similar circumstances, with the exception that the drilling unit as such does cross the section line. It is also approximately half of the drilling unit which

was ordered by the Commission under R-60 for a Mesaverde completion. This well, the Jones 3, was completed on December 17, 1956, with an initial open flow potential of 1,164 mcf per day, and to my knowledge there are no other Pictured Cliffs wells offsetting this particular well. All offset operators have been notified of this application. The acreage, according to regular survey, in this particular case amounts to 170.58 acres, and we are requesting that non-standard proration units be assigned by the Commission to both wells. This well was not dually completed.

I think that's all I have for the record in these cases.

MR. UTZ: Mr. Carlin, did I understand you to say that the well which you are dedicating to the unit on Case 1407 is the Delhi-Taylor Prichard No. 4-C?

A Right.

MR. UTZ: Is that well a standard location?

A That is.

MR. UTZ: And the well dedicated to the unit in Case 1408 is the Delhi-Taylor Jones No. 3, is that correct?

A That is correct. It was initially drilled as the El Paso Jones No. 3, but since the initial completion of the well, operating agreements have been entered into by El Paso and Delhi-Taylor whereby Delhi-Taylor is the operator of both units.

MR. UTZ: Is that well a standard location?

A It is.

MR. UTZ: Any questions of the witness? Mr. Cooley.

CROSS EXAMINATION

By MR. COOLEY:

Q Mr. Carlin, both of the non-standard units requested herein were necessitated by correctional lines from the United States Geological Survey?

A That is correct.

Q Can you tell me if the Pictured Cliffs formation has been communitized for each of the two proposed units?

A It has.

Q 100 percent of royalty and working interest is committed?

A To my best knowledge, it has been.

Q What is the ownership in the Delhi-Taylor Jones lease, and what is the area? First, what is the area of the Delhi-Taylor Jones lease?

A That is, as you will note, there are 170.58 acres which is composed of the southwest quarter of Section 30 and the north half of the northwest quarter of Section 31.

Q You may misunderstand my question. I want to know the boundary lines of the lease, not the proposed unit, the Jones lease. Does it extend into Section 31?

A No, it does not. As I remember, the Prichard lease takes in all of Section 31, the Jones lease does not come down into 31, as I remember.

Q Then the unit for your Prichard No. 4 Well would all be on the Prichard lease?

A Right.

Q But your unit for the Jones Well would be part of the Jones lease and part of the Prichard lease?

A That is correct. And as I said, I'm reasonably sure that the communitization of that property has been obtained or pooled.

Q Is the royalty ownership of the Jones and Prichard leases common?

A It's all Federal acreage.

Q All Federal. Are there any overriding royalties on those leases, on either the Jones or the Prichard leases?

A I'm sure there are, at the moment I couldn't tell you how much or where it is.

Q Mr. Carlin, the ownership of these leases is very important in considerations such as we have before us today. Would you please analyze the ownership of your proposed unit for the Jones No. 3 Well -- I believe that's the only one I need information on. Break it down and state positively in a subsequent communication to this Commission whether all interests in the proposed unit have been communitized.

A All right.

MR. COOLEY: That's all the questions I have.

MR. UTZ: Any other questions of the witness? If not, the witness will be excused.

(Witness excused.)

MR. UTZ: Are there any statements in these two cases? Mr.

Mankin.

MR. MANKIN: Warren Mankin, representing Aztec Oil and Gas Company. Aztec is the operator of a lease consisting of the east half of Section 36, which directly offsets both proposed units in Cases 1407 and 1408, in that the east half of Section 36 has been dedicated to the Mesaverde, and the northeast quarter has been dedicated to the Pictured Cliffs, so there is an offset to the west of these leases. We have previously given waivers for only the southwest quarter of Section 31 to the Prichard No. 4, when it was to be an administrative procedure.

We at this time urge the Commission to grant both applications in both cases, in that Delhi finds themselves in short land grants in this particular area and therefore there would be no particular problems involved in having units in the neighborhood of 170 acres per well. We therefore urge that it be approved.

MR. UTZ: Any other statements? If no further statements -

MR. PAYNE: Did you wish to move that your exhibits be moved into evidence?

MR. CARLIN: I did.

MR. UTZ: Any objection to the introduction of the exhibits in Cases 1407 and 1408? If not, they will be admitted.

The cases will be taken under advisement.

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