

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

MAIN OFFICE OCC

IN THE MATTER OF THE APPLICATION OF)
EL PASO NATURAL GAS COMPANY FOR AN)
ORDER OF THIS COMMISSION ESTABLISHING)
320-ACRE DRILLING AND SPACING UNITS)
FOR THE DAKOTA FORMATION IN ALL)
DAKOTA GAS POOLS SITUATED IN SAN JUAN)
AND RIO ARRIBA COUNTIES, NEW MEXICO,)
AND FOR THE PROMULGATION OF RULES)
AND REGULATIONS PERTAINING THERETO.)

RECEIVED 11 AM e: 14

CASE NO. 1508

ORDER NO. _____

APPLICATION

Comes now El Paso Natural Gas Company, a Delaware corporation, authorized to do business in the State of New Mexico, Applicant herein, and respectfully alleges and states as follows:

1. Heretofore by the respective orders listed below, this Commission has designated the following fifteen Dakota gas pools located in San Juan and Rio Arriba Counties, New Mexico.

<u>Pools</u>	<u>Order No.</u>
(a) Angels Peak - Dakota	R-13
(b) Barker Creek - Dakota	R-13
(c) Blanco - Dakota	R-347
(d) South Blanco - Dakota	R-347
(e) West Blanco - Dakota	R-466
(f) East Companero	R-739
(g) Companero Dakota	R-347
(h) Huerfanito Dakota	R-624
(i) Huerfano - Dakota	R-347
(j) West Kutz - Dakota	R-347
(k) Largo - Dakota	R-739
(l) North Los Pinos - Dakota	R-624
(m) South Los Pinos - Dakota	R-624
(n) Ute Dome Dakota	R-13
(o) Otero Graneros - Dakota	R-1080

2. Applicant is the owner of oil and gas leases covering lands located within some of the said designated Dakota gas pools and of oil and gas leases in areas surrounding many

of such designated Dakota gas pools which, if productive in the Dakota formation, will be included in said gas pools.

3. A separate common source of supply of gas in the Dakota formation has been established by completion of wells drilled to the Dakota formation in the above designated Dakota gas pools.

4. A study of geological and engineering data now available pertaining to the said Dakota formation indicates that one well will efficiently and economically drain the recoverable gas in place in the Dakota formation underlying an area of not less than 320 acres. A drilling and spacing unit for gas wells drilled to the Dakota formation would properly be composed of one-half section according to U. S. Land Surveys, containing approximately 320 acres, in which unit all of the interest should be consolidated by pooling agreement or otherwise. No gas well should be drilled on such drilling unit on which another gas well has been completed or approved for completion in the Dakota formation.

5. Said 320-acre drilling and spacing units should consist of two contiguous governmental quarter sections within a single section as designated by the operators thereof, and the unit well should not be drilled closer than 990 feet from the boundary of either such governmental quarter section included in a unit; provided a tolerance of 200 feet be allowed, but all wells commenced prior to the date the Commission issues its order in this case and located on less than a 320-acre drilling and spacing unit and located closer than 990 feet to the boundary of a governmental quarter section should be recognized as exceptions to this order. The operator should be allowed to locate such unit well on any quarter section within such unit to permit maximum flexibility for the dual completion of such well with a shallower formation.

6. The establishment of drilling and spacing units as herein requested is necessary for the orderly development of the common source of supply in the designated Dakota gas pools and areas adjacent thereto and of any other gas pool to the Dakota formation within San Juan and Rio Arriba Counties, New Mexico that may hereafter be designated. This will protect the correlative rights of all parties affected, will prevent waste, will eliminate drilling unnecessary wells and will promote the recovery of gas from each of said pools in an efficient and economical manner.

7. In the interest of conservation and for the protection of correlative rights, this Commission should promulgate rules and regulations governing the drilling and spacing of wells to the Dakota formation.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing after due notice as prescribed by law, and, upon such notice and hearing, the Commission issue its order establishing 320-acre drilling and spacing units for said common source of supply in the manner described herein and that the Commission promulgate special rules and regulations with respect thereto.


Attorney for El Paso Natural Gas Company

The undersigned hereby adopt and join in the foregoing application in all respects and respectfully request the Commission to grant the relief asked.

THE SUPERIOR OIL COMPANY

John F. Skoug
Vice President

David Scott
ASST. SEC.

EMPIRE STATES DRILLING CORPORATION

MAIN OFFICE

1020 SIMMS BUILDING

ALBUQUERQUE, NEW MEXICO

1958 SEP 12 AM 11 12

September 8, 1958

Re: Case 1508 to be heard
September 18

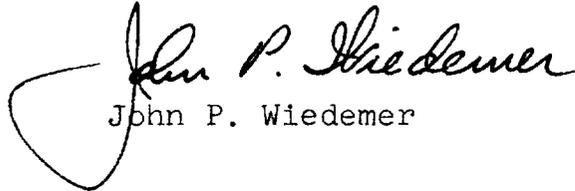
Oil Conservation Commission
Santa Fe
New Mexico

Gentlemen:

Please accept this letter as our concurrence and strong support of the request of El Paso Natural Gas Company to establish 320 acre drilling and spacing units for the Dakota formation gas pools in San Juan and Rio Arriba Counties.

Very truly yours,

EMPIRE STATES DRILLING CORP.


John P. Wiedemer

JPW/pg

MA *Case 1508*
Western Natural Gas Company

1958 SEP 12 PM 1:45 MAIN STREET

Houston 2, Texas

W. K. DAVIS
VICE-PRESIDENT
IN CHARGE OF
OPERATIONS

September 11, 1958

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Gentlemen:

With reference to Case 1508 on the New Mexico Conservation Commission Docket for Hearing, September 17, 1958 concerning the application of El Paso Natural Gas Company for the establishment of 320 acre spacing in the Dakota Formation in San Juan and Rio Arriba Counties, New Mexico, please be advised that Western Natural Gas Company will be unable to have a representative present at this Hearing and would like to submit this letter for the record in the Hearing.

El Paso Natural Gas Company has furnished us with a copy of the application concerning Case 1508. Western Natural Gas Company has no objection to the establishment of 320 acre spacing units or even 640 acre spacing units in the Dakota Pools of San Juan and Rio Arriba Counties, New Mexico, and recommends that rules be established to govern these pools along the lines described by El Paso Natural Gas Company.

Yours very truly,

Paul C. Wright
Paul C. Wright

PCW:mn

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

December 11, 1958

C

Ada Dearnley
Box 1092
Albuquerque, New Mexico

O

Dear Ada:

Received your letter requesting the transcript of consolidated cases 1508 and 1523. Since most of the geological data was presented at the first hearing under 1508, am sending you both transcripts. We had two calls yesterday regarding these cases and both parties talked like they wanted the transcripts too.

P

Sincerely,

Y

DEARNLEY-MEIER & ASSOCIATES

605 SIMMS BUILDING
ALBUQUERQUE, NEW MEXICO

Ada Dearnley
Marianna Meier
Joseph A. Trujillo

Phone CHapel 3-6691



December 10, 1958

Bobbie Postlewaite
Oil Conservation Commission
P. O. /Box 871
Santa Fe, New Mexico

Dear Bobbie:

May we please borrow as soon as possible a copy of transcript
1508 and 1523 consolidated October hearing.

Thanking you in advance.

ADA

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

(44) (201)

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

1938 SEP 16 PM 4 07

LA172 KC227

K OCC346 DL PD=OKLAHOMA CITY OKLA 16 422PMC=

A L PORTER JR=

SECRETARY DIRECTOR NEW MEXICO OIL CONSERVATION

COMMISSION SANTA FE NMEX=

KINGWOOD OIL COMPANY WISHES TO FILE THIS MESSAGE AS AN INDICATION OF ITS COMPLETE AGREEMENT WITH THE APPLICATION OF EL PASO NATURAL GAS COMPANY FOR 320-ACRE SPACING FOR DAKOTA GAS IN RIO ARRIBA AND SAN JUAN COUNTIES NEW MEXICO WHICH WE UNDERSTAND IS TO BE HEARD ON SEPTEMBER 17. KINGWOOD HAS ONLY RECENTLY ENTERED SAN JUAN COUNTY AND FOR THAT REASON AS WELL AS LACK OF EARLY NOTICE OF THE HEARING HAS NOT BEEN ABLE TO PREPARE EXHIBITS OR FURNISH

1938 SEP 16 PM 4 07
MAIN OFFICE

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

EXPERT TESTIMONY AT THE HEARING. HOWEVER, WE WISH TO ASSURE YOU OF OUR HEARTY CONCURRENCE WITH EL PASO NATURAL GAS IN ITS APPLICATION=

KINGWOOD OIL CO R P LAMMERTS VICE PRESIDENT=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 25, 1958

C

Mr. Ben Howell
El Paso Natural Gas Company
P.O. Box 1492
El Paso, Texas

O

Dear Mr. Howell:

We enclose two copies of Order R-1287 issued November 21, 1958, by the Oil Conservation Commission in Cases 1508 and 1523, which were heard on October 15th at Farmington.

P

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

Y

bp
Encls.

QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

11/11
AZTEC OIL & GAS COMPANY
920 MERCANTILE SECURITIES BUILDING
DALLAS 1, TEXAS

SEP 11 1958
September 8, 1958

AIR MAIL

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention Mr. Pete Porter, Secretary-Director

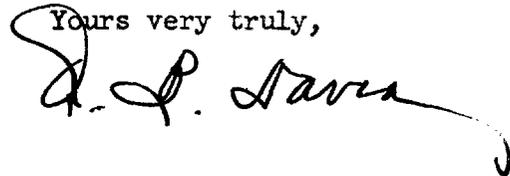
Re: El Paso Natural Gas Company
Case 1508 - 320-Acre Spacing
for Dakota Gas Pools

Gentlemen:

Aztec Oil & Gas Company has received a copy of El Paso Natural Gas Company's application in the subject case.

We concur in the application and respectfully request the Commission to grant the relief requested by El Paso Natural Gas Company.

Yours very truly,



QBD:NL

cc - El Paso Natural Gas Company
Mr. Joe Salmon

DOCKET: REGULAR HEARING SEPTEMBER 17, 1958

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe, NM.

- ALLOWABLE: (1) Consideration of the oil allowable for October, 1958.
- (2) Consideration of the allowable production of gas for October, 1958, from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan and Rio Arriba Counties, New Mexico, for October, 1958.

NEW CASES

CASE 1508: Application of El Paso Natural Gas Company for the establishment of 320-acre spacing units for the Dakota formation in San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order establishing 320-acre spacing units for all gas wells drilled to or completed in the Dakota formation in San Juan and Rio Arriba Counties, New Mexico, including the fifteen presently designated Dakota gas pools in said counties; and for the promulgation of special rules and regulations for said pools.

CASE 1509: Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and extension of existing pools in Lea, Eddy and Roosevelt Counties, New Mexico.

- (a) Create a new oil pool for Blinebry production, designated as the Justis-Blinebry Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: SE/4

- (b) Create a new oil pool for Montoya production, designated as the Justis-Montoya Pool, and described as:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: SW/4
Section 24: N/2

- (c) Create a new oil pool for San Andres production, designated as the Milnesand-San Andres Pool, and described as:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
Section 24: NW/4

- (d) Create a new oil pool for Glorieta production, designated as the Skaggs-Glorieta Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 11: NE/4

(e) Extend the vertical limits of the Bagley-Pennsylvanian Oil Pool to include the following area only:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 34: SW/4 SE/4

and redefine the vertical limits of this area to be -4500 feet to -5200 feet subsea.

(f) Extend the Crosby-Devonian Gas Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 33: SE/4

(g) Extend the Eumont Gas Pool to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 3: Lots 3, 4, 5, & 6

(h) Extend the Grayburg-Jackson Pool to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 10: E/2 NW/4 & W/2 NE/4

(i) Extend the Justis-Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 24: SW/4

(j) Extend the Justis-Fusselman Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
Section 13: SW/4

(k) Extend the Maljamar Pool to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 18: SE/4

(l) Extend the East Millman-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 14: SW/4

(m) Extend the Townsend-Wolfcamp Pool to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 6: Lots 3, 4, 5, & 6

(n) Extend the South Vacuum-Devonian Pool to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 21: NE/4
Section 22: W/2

- (o) Extend the Vacuum-Yates Pool to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 34: NE/4

CASE 1510: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 12: W/2 & SE/4

- (b) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM
Section 10: S/2 & NE/4
Section 11: All
Section 12: NW/4

- (c) Extend the Otero-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 9: SE/4
Section 21: NE/4

- (d) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM
Section 25: SE/4

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 10: E/2
Section 11: All

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 19: SW/4

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM
Section 24: SE/4

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 30: SW/4

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM
Section 14: All
Section 15: All
Section 24: E/2
Section 25: E/2

- (e) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 5 WEST, NMPM
Section 26: NE/4

- (f) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM
Section 19: E/2
Section 33: E/2

- (g) Extend the East Companero-Dakota Pool to include:

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM
Section 17: W/2

- (h) Extend the Gallegos-Gallup Oil Pool to include:

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM
Section 36: SW/4

- (i) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 34: NW/4 SW/4

- (j) Extend the Otero-Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM
Section 5: NW/4 NE/4

- (k) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST, NMPM
Section 26: NW/4
Section 27: N/2

CONTINUED CASE

CASE 1053:

Application of the Oil Conservation Commission upon its own motion, at the request of the State Engineer, for an order prescribing rules and regulations to govern the disposal of salt water in areas of Lea County, New Mexico. The Commission desires to formulate rules and procedures which will result in the efficient disposal of salt water and which will eliminate the practice of surface disposal of large volumes of oil field brines in order to prevent the contamination of the fresh-water bearing horizons in Lea County, New Mexico.

MAIN OFFICE El Paso Natural Gas Company

1958 AUG 4 AM 8:55 El Paso, Texas

August 1, 1958

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Re: El Paso's Application for Establishment of 320
Acre Drilling and Spacing Units for the Dakota
Formation in San Juan and Rio Arriba Counties,
New Mexico

Confirming my conversation with Jack Cooley on Monday, July 28, 1958, it is El Paso's desire in requesting this Hearing to establish 320 acre spacing for wells drilled to the Dakota Formation within the San Juan Basin area.

This rule would be comparable to that rule presently existing which requires 320 acre drilling and spacing units for wells drilled to the Mesaverde Formation in the San Juan Basin.

It is considered that the application would permit the establishment of 320 acre spacing within the existing pools and surrounding areas should the Commission determine spacing for the entire Basin to be inappropriate.

Yours very truly,


F. NORMAN WOODRUFF, Manager
Gas Proration Operations

FNW:mgs

CC: Mr. Jack Cooley
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Case 1508

MAIN OFFICE OCC

DELHI-TAYLOR OIL CORPORATION

1958 AUG 28 AM 8:28
CORP & POWER

DALLAS 1, TEXAS

W. C. SMITH
VICE PRESIDENT

August 26, 1958

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Gentlemen:

El Paso Natural Gas Company has made application for an order to establish 320 acres drilling and spacing units for the Dakota formation for all Dakota gas pools in San Juan and Rio Arriba Counties, New Mexico.

We wish to join El Paso in this application and enclose a copy of the application with our signature attached.

Yours very truly,



W. C. Smith

WCS/TC:m

Encl.

*Pocket Mailed
9-9-58
B P*