

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1712

TRANSCRIPT OF HEARING

JULY 8, 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JULY 8, 1959

IN THE MATTER OF: :

CASE 1712 Application of Angels Peak Oil Company for :
a non-standard gas proration unit or in the :
alternative for a force pooling order. :
Applicant, in the above-styled cause, seeks :
the establishment of a 98.87-acre non- :
standard gas proration unit in the Fulcher :
Kutz-Pictured Cliffs Pool consisting of :
lots 1 and 2 of Section 10 and lots 3 and :
4 of Section 11, both in Township 28 North, :
Range 11 West, San Juan County, New Mexico :
said unit to be dedicated to applicant's :
Angels Peak Well No. 5, located 285 feet :
from the North line and 1520 feet from the :
West line of said Section 11. Applicant :
proposes, in the alternative, to force pool :
all interests in the above-described acre- :
age in said Fulcher Kutz-Pictured Cliffs :
Pool. :

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: We will take next Case 1712.

MR. PAYNE: Case 1712. Application of Angels Peak
Oil Company for a non-standard gas proration unit or in the al-
ternative for a force pooling order.

MR. VERITY: The applicant is ready, Your Honor, and
in behalf of Congress Oil Company, who is also a client, Your

Honor, they would like to join in this application, and I would like the record to show that Congress Oil Company owns the west 25.01 acres on the N/2 of the E/2 of Section 10, which my application showed Angels Peak owned. And also I would like the record to show, and testimony will be to that effect, that Congress Oil Company and Angels Peak Oil Company interests are completed pooled herein by virtue of an operating and actually a partnership agreement between the two companies.

MR. NUTTER: Mr. Verity, in the presentation of your case, will you have an exhibit reflecting the acreage under consideration?

MR. VERITY: I will have, Your Honor.

MR. NUTTER: Thank you.

MR. VERITY: Another word by way of introduction. This is an application to attribute the N/2 of the E/2 of Section 10, 28 North, 11 West, to the Angels Peak No. 5 Well, which is in the approximate center of the N/2 of the W/2 of Section 11, just to the east; and all of the N/2 of the W/2 of 11 is now dedicated to that No. 5 Well. We want to dedicate the additional 49.87 acres. And I would like to call Mr. Orin Hazeltine to the witness stand.

(Witness sworn)

ORIN HAZELTINE,

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

DIRECT EXAMINATION

BY MR. VERITY:

Q State your name, please.

A Orin Hazeltine.

Q Mr. Hazeltine, what is your educational background?

A Graduate engineer from the University of California, 1950.

Q Since your graduation from that engineering school and university, what have you been doing?

A I have been engaged in oil and gas engineering since that time.

Q At the present time how are you employed?

A Drilling superintendent for Southern Union.

Q And have you made a study of reservoir engineering?

A Yes, sir.

Q Are you familiar with the geological formation of the Pictured Cliffs in the area of Sections 10 and 11, 28 North, 11 West, San Juan County, New Mexico?

A Yes, sir, and I have a structure map showing that.

MR. VERITY: Will you mark this, please, as an Exhibit?

(Thereupon, the document above referred to was marked Angels Peak's Exhibit No. 1 for identification.)

Q Mr. Hazeltine, I hand you what the Reporter has marked as Applicant's Exhibit No. 1. Will you tell us what it is, please?

A This is a contour map, contoured on top of the Pic-

tured Cliffs, which is the producing formation in this area, and the producing formation we are concerned with. This is the depth or the height actually above sea level of the top of that formation.

Q You have shown and indicated the producing Pictured Cliffs wells in the area?

A That is correct.

Q It gives you very close sub-surface control?

A Yes, sir, at any given point that would vary, plus or minus ten feet.

Q From the information available to you, can you tell whether or not the N/2 of the E/2 of Section 11, 28 North, 11 West is underlaid by a producing section of the Pictured Cliffs formation?

A Beyond any reasonable doubt, that is productive from the Pictured Cliffs.

Q And can the N/2 of the E/2 of 11 be drained by the Angels Peak No. 5 Well, in the N/2 and W/2 of 11?

A Yes, sir, I believe so.

(Thereupon, the document above referred to was marked Applicant's Exhibit No. 2 for identification.)

Q Mr. Hazeltine, I hand you what the Reporter has marked Applicant's Exhibit 2. Will you tell us what it is?

A This is a map showing lease acreage, the acreage in the area held by Angels Peak, Summit and Congress Oil Company

Q You say Angels Peak, Summit and Congress. Is Summit also a party to the agreement that I mentioned in my opening statement concerning acreage here under consideration?

A Yes, insofar-as all the acreage held by all the companies held in this area is held jointly.

Q By virtue of an executed agreement?

A Right.

Q Now, does this map indicate the ownership of the N/2 W/2 and the acreage in it?

A It only shows that it is held by those three companies. It doesn't differentiate as to which company originally held --

Q What is the acreage on the N/2 E/2 of 11?

A N/2 E/2 of 11 is held by Angels Peak.

Q And what is the acreage?

A Now, this 11 -- you are asking about 11?

Q That's right.

A Well, it is approximately 49, 50 acres.

Q And is that under the same lease as the East 24.86 acres of the N/2 of the E/2 of 10?

A Yes, sir.

Q And then the West 25.01 acres of the N/2 of the E/2 of 10 is under another lease?

A That is correct.

Q But is it also a Federal lease?

A It is a Federal lease.

Q So that the lessor would be the same?

A Right.

Q Is the lessor -- excuse me, is the owner of this lease, being the West 25.01 acres of the N/2 E/2 of 10, Congress Oil Company?

A Yes, sir.

Q Can the N/2 of the E/2 of 11 be drained by the Angels Peak No. 5 Well in the N/2 of the W/2 of 11?

A That is correct.

MR. VERITY: We offer in evidence Applicant's Exhibits 1 and 2.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be received in evidence in this case.

MR. VERITY: I believe that's all.

MR. PAYNE: Mr. Verity, perhaps I should direct this question to you. Is the ownership common, all the ownership throughout this entire acreage? In other words, --

MR. VERITY: It is except that the Eton Estate owns a one percent override on the West 25.01 acres of the N/2 E/2 of Section 10.

MR. PAYNE: So that you are actually now asking for a non-standard unit rather than a forced pooling order, if a forced pooling order is not necessary in the case of overrides. Your application was in the alternative for a non-standard unit or for forced pooling?

MR. VERITY: Right.

MR. PAYNE: Now, if it is not necessary to force pool overrides, you are simply asking for a non-standard unit?

MR. VERITY: We need to force pool that one percent; otherwise, it is the same. But there is a one percent override in this West 25.01 acres that we ask to be attributed here.

MR. PAYNE: But the royalty ownership is common?

MR. VERITY: That is correct.

MR. PAYNE: And the working interest ownership is common?

MR. VERITY: Actually, it is identical, correct.

MR. PAYNE: Did you previously have an application before this Commission for a minimum allowable for this well?

MR. VERITY: We did.

MR. PAYNE: And it was denied on the basis that you had this additional acreage which you could dedicate?

MR. VERITY: That is correct.

CROSS EXAMINATION

BY MR. PAYNE:

Q Now, at the present rate of allowables or approximately the present rates, will this much acreage give you an allowable of 1500 MCF per day?

A I think it will, I believe so. Pretty close to it.

MR. PAYNE: I believe that's all. Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Hazeltine, has the applicant in this case, or the

operator of the well filed a plat showing the acreage that will be attributed to the well?

A No, sir, I don't believe a plat.--

Q A plat will be filed, however, is that correct?

A Yes.

MR. VERITY: Doesn't this Applicant's Exhibit 2 satisfy your request, Your Honor?

MR. NUTTER: Not for the well file, we will have to have a Form 128, an acreage dedication plat. On that plat there is a provision for the statement to be made that the acreage is committed, and you will be able to make that statement in the affirmative?

A Yes.

MR. NUTTER: Is there anything further in Case 1712?

MR. PAYNE: I would like to ask Mr. Verity one question. Mr. Verity, do you think it is necessary to force pool overrides?

MR. VERITY: I think it is, Your Honor. I don't think there will be any objection in this instance, but I do think it is.

MR. NUTTER: If there is nothing further in Case 1712, the witness may be excused.

(Witness excused)

MR. NUTTER: Take the case under advisement.

