

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1786

TRANSCRIPT OF HEARING

OCTOBER 7, 1959

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IN THE MATTER OF: :

CASE 1786 Application of The Atlantic Refining Company :
 for two non-standard oil proration units and :
 for two unorthodox oil well locations. Appli- :
 cant, in the above-styled cause, seeks the es- :
 tablishment of two 40-acre non-standard oil :
 proration units in the Horseshoe-Gallup Oil :
 Pool, one to consist of a portion of the W/2 :
 W/2 of Section 33, the other to consist of a :
 portion of the W/2 SW/4 of Section 28, both in :
 Township 31 North, Range 16 West, San Juan :
 County, New Mexico. The respective unit wells :
 are to be located on unorthodox locations 1980 :
 feet from the South line and 386 feet from the :
 West line of said Section 33 and 660 feet from :
 the South line and 386 feet from the West line :
 of said Section 28. :

BEFORE:

Elvin A. Utz, 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. UTZ: The hearing will come to order. The next case on the docket will be Case 1786.

MR. PAYNE: Case 1786. Application of The Atlantic Refining Company for two non-standard oil proration units and for two unorthodox oil well locations.

MR. BRATTON: Howard Bratton, Roswell, New Mexico, appearing on behalf of the applicant, The Atlantic Refining Company.

We have one witness and ask that he be sworn, please.

(Witness sworn)

BRUCE VERNOR,

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

DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, address and occupation?

A Bruce Vernor, Atlantic Refining Company, Casper, Wyoming, employed as area reservoir engineer.

Q Does the scope of your area include San Juan County, New Mexico?

A Yes, it does.

Q Are you familiar with the application of Atlantic in Case No. 1786?

A Yes, I am.

Q Have you previously appeared before this Commission as an expert engineer?

A I have.

Q In Case No. 1786 Atlantic is asking for two non-standard units and two unorthodox well locations?

A Yes, that is correct.

Q Is it the desire of Atlantic to amend its application to change the location of one of the unorthodox well locations?

A That is correct.

Q And that is the well located in the northernmost unit shown on Atlantic's Exhibit No. 1?

A That is correct.

Q Referring to Atlantic's Exhibit No. 1, will you explain what it shows by way of the proposed non-standard units and well locations?

A Included and proposed amended locations?

Q Yes.

A If the Commission please, may I look at my plat here?

MR. PAYNE: The yellow is the proposed --

A Yes, sir. This plat shows two 40-acre units composed of acreage in that part of the Navajo Indian Reservation lying in the W/4 of Sections 33 and 28, Township 31 North, Range 16 West. The southernmost unit includes the two partial lots in the W/2 of the SW/4 of Section 33 and a part, 980.4 feet of the partial lot in the W/2; the partial lot in the Navajo Reservation in the SW, SW/4 of the NW/4 of Section 33, the remaining 339.6 feet of that partial lot, all of this lot, partial lot in the NW/4 NW/4 of 33. The partial lot in the SW/4 of Section 28 and 604.9 feet of the partial lot in the NW/4 SW/4 of Section 28, would be the two units. They are as close as we can measure them, 40 acres apiece.

Q The well which you propose in the southernmost unit is located where, to be located where?

A 1980 feet from the South line and 386 feet from the West line of Section 33.

Q And in the north unit, how do you propose to amend your application to locate your well?

A Well, first of all, the application states 660 feet from the South line and 386 feet from the West line of Section 28. We propose to move our location 1320 feet South, which would then put it 660 feet from the North line and 386 feet from the West line of Section 33.

Q Now, the problem of these lots is brought about, is it not, Mr. Vernor, by virtue of the fact the lots to which you are referring and the acreage to the West lies within the Navajo Reservation, and the lands immediately to the East and the lands East of there lie within the Ute Reservation?

A That's right.

Q Atlantic owns the land on the West?

A That is correct.

Q And El Paso Natural Gas Products Company owns the lots immediately to the East and the locations immediately East of there?

A Yes.

Q They own the lease?

A That is correct.

Q The question of these non-standard units and locations has been discussed with El Paso and with the U.S.G.S., is that correct, Mr. Vernor?

A That is correct.

Q And these units and the proposed locations are agree-

able to El Paso and to the U.S.G.S.?

A That is correct.

Q Now, on this same Examiner Hearing El Paso has an application for a non-standard location in Section 28, in the lots in Section 28.--

A Yes, they do.

Q -- for non-standard unit and location?

A Yes.

Q And they've discussed the problem of that unit and non-standard location with you, and it is agreeable with Atlantic, who is the offset operator?

A That is correct.

Q Do you believe the granting of this application will prevent waste and protect correlative rights in the area?

A Yes, I do.

Q Do you believe that the proposed wells will efficiently and economically drain the area?

A Yes, I do.

Q Do you have anything further in this case, Mr. Vernor?

A No, I think the rest of the items should be brought out later.

Q Was Exhibit No. 1, was that prepared by you?

A Prepared under my supervision.

MR. BRATTON: We offer Atlantic's Exhibit No. 1 and have nothing further in the case, Mr. Examiner.

A I would like to point out that the Exhibits -- the Exhibit and the altered Exhibits are identical with the exception of the well location in the North unit. They were made from the same basic plat.

Q You are referring to the Exhibit attached to the application?

A Yes.

MR. UTZ: Without objection, Exhibit No. 1 will be accepted into the record.

MR. BRATTON: Mr. Examiner, we would like to amend Atlantic's application in this case to reflect the proposed location of the well in the North unit.

MR. PAYNE: So that all parties can be properly apprised, as most of you know, the Commission has always taken the position that the legal advertising was jurisdictional, and at least you lawyers know jurisdiction can't be waived. Nonetheless, in view of your request, the Commission can go ahead and enter an Order bearing that in mind. Now, the only parties who would have standing at a future date to raise this lack of jurisdiction would be El Paso Products Company and U.S.G.S., and in the case of the Products Company, Atlantic and the U.S.G.S.

MR. UTZ: Is there objection to the amendment of the application as stated by counsel? If not, the application will be amended.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Vernor, what was the initial potential of Well No. 21? Do you have that information?

A I don't have it at hand. However, the majority of the wells in that area were potentialed for pump capacity which is between 110 and 130 barrels.

Q Are Nos. 31 and 37 both non-marginal wells --

A I believe that is correct.

Q -- top allowable. What would be the numbers of your new wells, new locations?

A I believe that they are 65 and 66.

Q The bottom is 65?

A I believe that is correct. I think we have designated them with numbers that wouldn't be inconsistent even with the locations that we have abandoned.

Q Mr. Vernor, what was your reason for locating No. 66 a little more in the center of the unit that you are asking for?

A We had considered the center location sometime ago, and we felt that as long as it was possible to locate the well more or less on pattern it would be better to do so, and then insofar as moving it South is concerned, that was at the request of the U.S. G.S.

MR. UTZ: Are there any other questions of the witness?

QUESTIONS BY MR. PAYNE:

Q Mr. Vernor, will you describe these two proposed units for me?

A That isn't too easy, I'll have to admit.

Q Haven't you described them in your application?

A They are described in our application by -- from corner to corner.

Q And those remain the same?

A Yes, there is no change. I was trying to get at that point when I said that the plats were identical except for the location, so there is no change.

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

(Witness excused)

MR. UTZ: Any statements to be made in this case? If not, the case will be taken under advisement.

