

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation
for non-standard gas unit.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas unit in an undesignated Pictured Cliffs pool consisting of the N/2 SE/4, NE/4 SW/4, and SE/4 NW/4 of Section 21, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unit is to be dedicated to a well to be drilled in either the NE/4 SE/4 of the NW/4 SE/4 of said Section 21.

BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case No. 1895.

MR. PAYNE: Case 1895. Application of Northwest Production Corporation for a non-standard gas unit.

MR. COLBERG: My name is Malcolm Colberg, I represent Northwest Production Corporation in this hearing.

We have some exhibits and one witness to testify.

(Witness sworn.)

RAYMOND NORDHAUSEN

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

DIRECT EXAMINATION

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BY MR. COLBERG:

Q Will you state your name, please?

A Raymond Nordhausen.

Q By whom and in what capacity are you employed, Mr. Nordhausen?

A Northwest Production Corporation, Albuquerque, New Mexico, manager of the Land Department.

Q Have you testified before the Commission before?

A Yes.

MR. COLBERG: Will the Commission accept Mr. Nordhausen's qualifications?

MR. NUTTER: Yes, sir.

Q (By Mr. Colberg) Do you know the contents of the application filed in this case?

A Yes, sir.

Q Do you know the reason for making the application?

A Yes.

Q Would you state them, please?

A Looking at this plat, the lease covering the SE/4, NW/4 will expire on April 1st, 1960 unless production is established on the tract or acreage pooled therewith, and the lease covering the NE/4, SW/4 will expire on April 1st, 1960 unless production is obtained on that lease or in acreage therewith before April 1st, 1960.

The normal spacing would require us to drill a Pictured

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Cliffs well, to drill one well in the NW/4 and one well in the SW/4 to perpetuate these two leases. The balance of the acreage in the W/2 of Section 21 is unleased and we've been unable to obtain a lease on terms satisfactory to us or to join the owners into a drilling unit and to drill a well. Therefore, we do have the lease covering the N/2 SE of the section and we propose to form a Pictured-Cliffs unit as shown on this plat and drill a Pictured-Cliffs well on what would be the normal well location for a well in the SE/4 of the section.

Q Mr. Nordhausen, did you prepare this plat or was it prepared under your supervision?

A Yes.

MR. COLBERG: The Applicant offers this plat in evidence.

MR. NUTTER: Northwest's Exhibit No. 1 will be entered in evidence.

Q (By Mr. Colberg) Mr. Nordhausen, in your opinion, would the granting of this application prevent waste?

A Yes.

MR. COLBERG: At this time we would like to ask that when this application is granted, or the order is issued, that it be a conditional order if a well is not drilled to discovery by April, 1960, April 1, 1960.

I believe that concludes our testimony.

MR. NUTTER: Does anyone have any questions of Mr.



Nordhausen?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Nordhausen, who has the royalty in the N/2 of the SE/4?

A N/2 of the SE/4. C. C. Evans, and O. C. Evans.

Q Now, have you executed a ~~communitization~~ agreement for this 160 acres that you propose which the Federal Government and the Evans have approved?

A Our lease from the Evans authorizes the pooling of that into tracts up to 640 acres, and I discussed this unit with John Anderson, Supervisor, USGS, and he has advised me that it will be approved.

Q The Federal lease contains no pooling clause?

A No, it doesn't.

Q But he has indicated it will be recognized?

A Yes.

Q What could be dedicated to other Pictured Cliffs wells in this section should they be drilled?

A Well, of course, the NE/4 is not broken up, wouldn't be broken up by the granting of this order, and the NE/4 could be dedicated to a well, and then for a well in the NW/4 of the section, the acreage that could be dedicated to it would be the NE/4, NW/4,

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W/2, NW/4, NW/4 SW/4, and the unit for a well to be drilled in the SW/4 of the section could be the S/2 of the S/2. That would be the logical way for the unit to be formed.

MR. NUTTER: Mr. Nordhausen, in that event it would require communitization for the S/2 of the S/2 of the section, would it not?

A That is correct.

MR. NUTTER: I it Northwest Production's intent to communitize in the event that such acreage would be drilled and dedicated to a well?

A We would communitize with the owner of the S/2 or SW/4, either unit, comprising the S/2, S/2, if it were authorized on reasonable terms.

Q (By Mr. Payne) The S/2 of the SE/4 is the O. C. and C. C. Evans lease in which Northmes has a working interest?

A That is correct.

Q And that does contain a pooling clause?

A It does.

Q So if you saw fit to pool this, with the S/2 of the SW/4, you wouldn't have to have the royalty owners permission?

A No, the only thing we would have to have would be an agreement with the mineral owners under the S/2, SW.

MR. NUTTER: And you would be agreeable to entering into a reasonable agreement for the S/2 S/2?

A Yes, we would.

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Q (By Mr. Payne) Now, this is a proposed wildcat, is it not?

A Yes, it is. It is outside of a field.

Q What is the closest designated pool in the Pictured-Cliffs?

A Well, I don't know the name of the field, but the closest wells are wells in the SW/4 of Section 20, and a well in the SW/4 of Section 29. It would be in 29, and it has just been completed.

Q Now, have you decided yet which of these two locations you propose to drill?

A Well, we haven't been out on the ground there, and that's pretty rugged country there, and we will choose the best. The levellest one, it doesn't make any difference geologically.

Q Both locations are orthodox for a well in the SE/4?

A Yes.

Q For far is it from the proposed, two proposed locations to the southern boundary of the unit? The proposed unit?

A Let's see, 330 feet.

Q So actually you would have to have a non-standard location also?

A Yes.

Q Since the rules require that they be located --

A Yes, sir, non-standard location. In fact, in a unit like this, it would be impossible to get a standard location.

~~MR. NUTTER: How would you propose, Mr. Nordhausen, that~~



the Commission describe the location of this non-standard location?

A The location in the SE? Let's see, it should be in the NE as I described it in the application, which is: The location shall be in the NE/4 SE/4 of the NW/4 SE/2, Section 21, which would be a location for a wildcat well on the E/4 of said Section 21 under state-wide spacing.

Q (By Mr. Payne) Your proposed location on the right-hand side of your exhibit, how far is that from the East line the section?

A You mean in the NE/4 SE/4?

Q Yes.

A That would be 790 to 990. From 790 to 990 from the East line.

Q Your cross hatched square is a two hundred foot square?

A Yes.

Q Are your proposed drilling locations in the cross hatched area?

A Yes.

MR. PAYNE: That's all.

MR. NUTTER: Any further questions of Mr. Nordhausen? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further in Case

No. 1895?



MR. COLBERG: No, other than that amendment that I mentioned about the well being commenced by April 30.

MR. NUTTER: We will give that request due consideration, Mr. Colberg.

MR. COLBERG: Thank you.

MR. NUTTER: Does anyone have anything further in Case 1895? We will take the case under advisement and continue on to the next case.

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