

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 22, 1961

EXAMINER HEARING

IN THE MATTER OF:)

Application of the Oil Conservation)
Commission on its own motion to con-)
sider the establishment of non-)
standard gas proration units for the)
Basin-Dakota Pool in Townships 29, 30,)
31 and 32 North, Ranges 4, 5, 6, 7,)
8, 9, 11, 12, 13 West. Said non-)
standard units are necessitated by)
irregular sections resulting from)
survey corrections in the United)
States Public Lands Survey.)

Case 2228

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. PAYNE: Application of the Oil Conservation Com-
mission on its own motion to consider the establishment of non-
standard gas proration units for the Basin-Dakota Pool in Town-
ships 29, 30, 31 and 32 North, Ranges 4, 5, 6, 7, 8, 9, 11, 12,
13 West. Said non-standard units are necessitated by irregular
sections resulting from survey corrections in the United States
Public Lands Survey.

(Witness sworn.)

A. R. KENDRICK

called as a witness, having been previously duly sworn,



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testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Will the witness state his name, by whom he's employed and in what capacity?

A A. R. Kendrick, employed by the State of New Mexico as engineer for the Oil Conservation Commission.

Q Mr. Kendrick, what is the purpose of Case 2228?

A To establish non-standard units for orderly development in the Basin-Dakota Pool.

Q What has necessitated this case?

A Some places the townships or sections are short, some places they are long. In other words, variations in the legal survey and certain unitized areas covering parts of sections which would cause non-standard units within those unitized areas.

Q Have you considered all possible instances where there are variations in the legal subdivisions that would necessitate non-standard proration units in the Basin-Dakota?

A No, not for this hearing. I didn't have to prepare that extensive in the case, at this time these were the more pronounced areas and I anticipate that another case should be called in a few months to establish other non-standard units in the Basin-Dakota Pool.

Q Mr. Kendrick, have you prepared an exhibit showing your



proposed non-standard gas proration units?

A I have.

Q Will you have that marked as Exhibit No. 1?

A It is so identified.

Q Now, will you turn to that exhibit and explain with reference to the exhibit the non-standard gas proration units which you have proposed?

A I would like to explain some of the parts of the exhibit. Each of the individual exhibits, or, excuse me, each of the individual proration units as proposed by this case are colored in various colors throughout the exhibit such that there are no two adjacent units of the same color. Immediately adjacent to the proration unit the acreage, as shown on the general Land Office plats, is typed on to the pages. On certain of the pages there are heavy black lines which are the boundaries of the unitized areas, and, in most cases, those unitized areas are identified as to which unit that exists. On one page, that being page 9, the very Southwest corner of the township, there's a small portion of Section 31, Township 32 North, Range 6 West, which is included in the San Juan 37-2 unit, which is not so identified on this map and which should have been.

Q Will you proceed with the description of the units beginning on page 1 of Exhibit 1, please?

A Do you request the legal description of each of these



units?

Q Mr. Kendrick, in order to save time and facilitate this matter, I don't believe that we should give the legal description of each unit. I think it will suffice if you will make reference to the exhibit and the page number and to the amount of acreage in each unit.

A On page 1, which covers Township 29 North, Range 9 West, reading from top to bottom, the individual units would contain 263.70 acres, 334.12 acres, 336.66 acres, 331.00 acres, 330.98 acres, 409.24 acres, 407.56 acres, 395.55 and 395.10 acres.

Page 2 is Township 30 North, Range 9 West. These units are identical to the units set out for Mesa Verde production in Order R-120 and consist of the following acreage, reading from the top of the page down: 300.00 acres, 304.39 acres, 311.00 acres and 308.54 acres.

Page 3 represents Township 30 North, Range 6 West. The uppermost unit is continued in Township 31 North, Range 6 West, which would be page 6, and that proration unit would include 369.29 acres. The next unit in 30 North, 6 West would be 353.49 acres. The next unit, 381.34, 377.11 and 385.11.

On page 4, representing Township 31 North, Range 4 West, the column of sections on the West side of the township divided as North Half of the section and South Half of the section from North to South the acreages for those proration units would be

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316.40, 305.44, 305.67, 305.89, 306.11, 306.33, 306.53, 306.71, 306.90, 307.06, 307.31, 307.53. Sections 1 through 5 are divided as East Half of the section and West Half of the section, and from West to East it would read 326.69, 326.49, 326.43, 326.57, 326.60, 326.52, 326.52, 326.90, 327.26 and 331.82.

Page 5 represents Township 31 North, Range 5 West. The units on the West side of the township from North to South contain 344.56, 383.76, 387.81, 384.08, 388.96, 349.22, 349.45. The units on the North side of the township from West to East, 367.96, 368.28, 368.40, 368.60, 368.20. You will notice Section 2 is in the San Juan 32-5 Unit, Section 3 is in the Rosa Unit. An attempt was made in all cases where these proration units are adjacent to acreage in another unitized area, that these units be as nearly the same size as possible under the survey in existence.

Q On this, Mr. Kendrick, you have made no attempt, necessarily, to establish these according to ownership of the leases that might be in this area, is that correct?

A That is correct. In no instance does one proration unit cross the boundary of a unitized area to cause the problem of communitized acreage with non-unitized acreage.

Q Go ahead.

A Page 6 is 31 North, Range 6 West. The units on the

North from West to East --



Q Mr. Kendrick, might I interrupt and ask you to take them in order of the section number insofar as possible and go from East to West and then from North to South.

A All right. From East to West the unit in Section 1 contains 343.88 acres. Section 2 is 356.26. In Section 3 and Section 4 the amount of acreage in those partial sections is indetermined from the GLO plat because the total acreage as shown on there does not include either Homestate entries or Federal grants of some type, and we'll have to ask that the operators supply the information on the exact amount of acreage in those sections in the event a well is proposed to be drilled on those two units.

Q Would you describe those units by section, township and range?

A The first unit is composed of the entire partial Section 3, Township 31 North, Range 6 West. The next unit is composed of the partial Section 4, Township 31 North, Range 6 West. Unit in Section 5 contains 350.16 acres and Section 6, 351.89 acres. The other units along the East side from North to South contain 343.88, 326.82, 351.44, 367.54, 367.89, 368.19, 352.32, 386.96 and partial unit shown here of 369.29, which carries on over into Township 30 North, Range 6 West, still being in the San Juan 30-6 Unit.

Q That was shown on page 6, is that correct?



A The prior page --

Q Page 3, excuse me. A Page 3.

Q Right.

A Page 7 represents Township 31 North, Range 7 West.

The units, in a counterclockwise direction, beginning with Section 1, contain 367.08 acres, 310.48, 324.82, 318.57, 323.15 and 321.66. Now, the unit colored yellow in Section 6 and part of Section 5 is another of these places where fee acreage was included and the total acreage is not available from the GLO plat. The unit colored in brown in Sections 5, 6 and 7, the acreage is indeterminate. The unit colored in purple in Sections 6 and 7, the acreage is indeterminate. The unit colored in orange in Sections 7 and 18 is indeterminate. The next unit contains 321.61 acres.

Q Mr. Kendrick, these last units that you have mentioned that you were unable to give us the amount of acreage in, were they, for purposes of description, the same as established for the Mesaverde by Order R-1066?

A They are.

Q Proceed, please.

A All the proration units in San Juan Unit 32-7, which is included in Townships 31 North, 7 West, 32 North, 6 West and 32 North, 7 West are identical to the Mesaverde Units set out in Order R-1066. The last two units on the West edge of



Township 31 North, 7 West contain 310.45 and 299.13 acres.

Page 8 refers to 32 North, Range 5 West, and in counter-clockwise direction beginning in Section 12, the units are 313.15, 317.21, 317.44, 315.62, 339.26, 338.58, 339.13, 339.95, 356.14, 355.25 and 345.59.

I might add here that this last unit has been established as a proration unit in the Mesaverde in a prior order of which I do not recall the order at this time.

Page 9 refers to Township 32 North, Range 6 West, and from East to West --

Q Shall we go from West to East on this one?

A All right, from West to East. I would like to make a comment here that this Township 32 North, Range 5 West, all of partial Section 7 and a part of partial Section 8 is combined with the portion of a 40-acre tract in Section 12, 36 West, containing 346.15 acres. Township 32 North, Range 6 West, beginning in Section 7, that unit joins another part in Section 12 of 32 North, 7 West containing 373.18 acres. The next unit to the East is 353.74, 338.68, 317.51, 317.60, 337.75, 338.25, 334.45, 356.82 and 336.31. In Section 31 of this township, being 32 North, 6 West, there should be two units set out which I failed to color in on any of these copies. One unit would be the Southwest Quarter, the South Half of the Northwest Quarter, the South Half of the Southeast Quarter, being 320 acres. The



other unit would be composed of the Northeast Quarter, the North Half of the Southeast Quarter, the North Half of the Northwest Quarter, containing 320 acres.

Q Of which sections?

A Section 31. The unit in the Southwest part of this section would belong in the San Juan 32-7 Unit; the proration unit in the Northeast part of the section would be in the Allison Unit.

Page 10 refers to 32 North, Range 7 West. From West to East, beginning in Section 7, the units would include 293.10, 298.38 and 298.33, identical to those units included in 1066 for the Mesaverde formation. Further units in Section 9, 298.15, 358.73, 357.04, 339.45 --

MR. PAYNE: 339 or 359?

A Excuse me, 359.45. The portion of the unit prior referred to which crosses the township line.

Q Do any of the units on page 10 have Dakota wells presently completed on them?

A Yes, sir.

Q Would you give the description for the location of those wells that are presently producing?

A I understand there are two wells drilled to the Dakota formation, and I have three locations of which I'm not sure which two are the Dakota wells.

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Q Which units are these wells in?

A The units colored in red, yellow and brown.

Q Did these units that you have just described, do they necessarily coincide with the units that are presently dedicated to these wells?

A I doubt that they do because normal procedure would be to dedicate the South 320 acres as a standard unit until the non-standard unit can be established, and I think there might be an administrative approval for a unit consisting of all of Section 12 or will in the Southwest of Section 12.

Q As far as you know, are these the only Dakota wells that are presently drilled on any of the units that you are proposing today?

A Yes.

Q Continue, please.

A Page 11 refers to Township 32 North, Range 8 West. The units cross the North side from West to East, 354.78 acres, 337.04 acres, 329.16, 310.79, 317.34, 328.17 and 305.18. From North to South, beginning in Section 18, 351.65, 352.95, 368.26, 365.34, 366.76 and 365.34.

Page 12 refers to Township 32 North, Range 11 West, and from West to East, beginning in Section 7, 332.27 acres. The next unit is contained in the West Half of partial Section 8, and the West Half of the West Half of Section 17, 327.70 acres. The



next unit would be the East Half of partial Section 8 and the East Half of the East Half of 17, 328.20 acres. In Section 17, the East Half of the West Half and the West Half of the East Half composed of 320-acre non-standard unit. Section 9, the unit is 336.40, 356.60, 334.00 and 333.60 acres, composing the rest of the township.

Page 13 refers to Township 32 North, Range 12 West, from West to East, beginning in Section 7, 335.18, 334.80, 333.20, 335.20, 336.40 and 336.00 acres.

Page 14 refers to Township 29 North, Range 13 West, from North to South the units are 356.19, 364.53 and 366.42 acres.

Page 15 refers to Township 30 North, Range 13 West. From North to South units contain 315.37, 315.57, 308.44, 327.32, 315.10.

Page 16 refers to Township 31 North, Range 13 West, and the units, from North to South are composed of 368.91, 376.96 and 370.44 acres.

Page 17 refers to Township 32 North, Range 13 West. The units cross the North side from West to East, contain 363.83, 339.80, 336.95, 341.17. Beginning in Section 18, from North to South, 325.32, 321.40, 320.29, 335.02, 325.85 and 328.45.

Q Mr. Kendrick, how many proration units does that add up to, do you have that figure?

A I did not count them.



Q Does your proposal in any way affect the Mesaverde Units already established?

A No.

Q So, if you had a Mesaverde unit established underlying some of this same acreage, that may differ in some regard from the Basin-Dakota Unit, the Mesaverde Unit would still subsist the way it was established?

A So far as proposed by this case, yes.

Q Do you feel that correlative rights are protected by more orderly development by establishing these proration units?

A Yes.

Q Do you have anything further you would like to offer or comment upon?

A No.

MR. MORRIS: Mr. Examiner, we move for the admission of No. 1 in Case 2228.

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

MR. MORRIS: That concludes the direct examination of this witness.

MR. UTZ: Are there questions of Mr. Kendrick?

MR. PAYNE: Yes.

CROSS EXAMINATION

BY MR. PAYNE:



Q If the Mesaverde Unit and the Basin Dakota Unit are not the same, is there any instance, to your knowledge, where this would require a single completion to each zone or could you still utilize the Mesaverde well for a dual to the Basin-Dakota?

A We have different dedications due to different size units at the present time where wells are dually completed, and I see no complication for making different acreage dedications to two zones using the same size proration unit.

Q What general Land Office survey did you use in this computation, Mr. Kendrick?

A Page 1 or Township 29 North, 9 West, GLO plat was dated April 19, 1881; Township 30 North, Range 9 West, April 19, 1881; Township 30 North, Range 6 West, July 19, 1915; Township 31 North, Range 4 West, December 30, 1926; Township 31 North, Range 5 West, April 8, 1927; Township 31 North, Range 6 West; August 27, 1919; Township 31 North, Range 7 West, November the 13th, 1917; Township 31 North, Range 5 West, November 30, 1926; Township 32 North, Range 6 West, June 29, 1887; Township 32 North, Range 7 West, November 4, 1882; Township 32 North, Range 8 West, April 19, 1881; Township 32 North, Range 11 West, April 19, 1881; Township 32 North, Range 12 West, April 19, 1881; Township 29 North, Range 13 West, April 19, 1881; Township 30 North, Range 13 West, October 17, 1881; Township 31 North, Range 13 West, May the 26th, 1881; and Township 32 North, Range 13 West, July the 9th, 1954.



Q Mr. Kendrick, in the eventuality that the Commission establishes these units as proposed by you, have you, in computing the acreage, also set forth the lots and actual legal description to expedite writing the order?

A These plats were drawn to represent the number of lots or 40-acre subdivisions in each section, and each of those lots on 40-acre tracts are included in one color spot for that pro-
ration unit.

MR. UTZ: But the lot numbers are not included, are they?

A No, sir, the lot numbers are not included because the lot numbering system was not consistent through these plats.

MR. UTZ: Mr. Kendrick, I note on page 1 of your Exhibit 1 that you have broken the units on a 20-acre subdivision bound-
ary rather than a 40-acre. Do you think that's advisable or why would you think they would go to that?

A The top seven units from North to South are identical with Mesaverde units set out by prior orders. The three in the North were established by the Mesaverde by Order R-564. The next unit containing 331.00 acres was established by Order R-771. Proceeding South, the next unit was established by Order R-1096, the next unit by R-1097, and the next unit by R-1098. In this instance the operator contacted me at the time of the first advertising of this case and advised that communitization agree-
~~ment on those particular acreages might be expedited by, in effect,~~



a rider being attached to the unitization agreement to include the Dakota formation. In order to cut down the administrative for the communitization of these drill blocks, they have been recommended in the same order as set out by the Mesaverde units in the prior orders.

MR. UTZ: Any other questions? If no further questions, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there any statements in this case?

MR. EATON: George W. Eaton, Jr. for Pan American Petroleum Corporation. Insofar as Pan American leases are involved in these non-standard units, it is Pan American's recommendation that the Commission adopt them as recommended by Mr. Kendrick.

MR. UTZ: Any other statements? The case will be taken under advisement.

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