

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 28, 1961

EXAMINER HEARING

IN THE MATTER OF

CASE 2315:

Application of Pan American Petroleum Corporation for a non-standard oil proration unit and for an unorthodox oil well location, San Juan County, New Mexico.

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
JUNE 28, 1961

EXAMINER HEARING

PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF :

CASE 2315: Application of Pan American Petroleum Corpora- :
tion for a non-standard oil proration unit and: :
for an unorthodox oil well location, San Juan :
County, New Mexico. Applicant, in the above- :
styled cause, seeks the establishment of an :
86.62-acre non-standard oil proration unit in :
the Totah-Gallup Oil Pool consisting of Lots :
2, 3 and 4 of Section 12, Township 28 North, :
Range 13 West, San Juan County, New Mexico, to: :
be dedicated to the Gallegos Canyon Unit Well :
No. 100 at an unorthodox location 476 feet :
from the North line and 1980 feet from the :
West line of said Section 12. :

BEFORE:

Mr. Elvis 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: Case 2315.

MR. MORRIS: Case 2315. Application of Pan American
Petroleum Corporation for a non-standard oil proration unit and
for an unorthodox oil well location, San Juan County, New Mexico.

MR. BUELL: Guy Buell for Pan American Petroleum Cor-
poration. We have one witness, Mr. Eaton.

MR. MORRIS: Let the record show that Mr. Eaton testified



in the previous case, and was sworn in that case.

GEORGE W. EATON, JR.,

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

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Eaton, would you state your complete name, by whom you are employed, and in what capacity and what location, please?

A George W. Eaton, Jr. I am senior petroleum engineer for Pan American Petroleum Corporation in Farmington, New Mexico.

Q You have testified at prior Commission hearings, and your qualifications as a petroleum engineer are a matter of public record, are they?

A They are.

MR. MORRIS: No questions, are there, Mr. Examiner?

MR. UTZ: No, there are none. Let me ask for other appearances at this time. You may proceed.

(Whereupon, Pan American's Exhibits 1 and 2 were marked for identification).

Q (By Mr. Buell) Will you look at Exhibit No. 1 in this case, and state what is reflected on this Exhibit?

A Exhibit No. 1 is a map of a portion of the Totah-Gallup Pool in San Juan County, New Mexico. The blue lines on Exhibit No. 1 depict isopach contours of the Gallup sand in the Totah-Gallup Pool. The contour interval for these isopach contour lines

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



is two feet.

Q Mr. Eaton, in what portion or area of the Pool is the proposed non-standard unit, that's the subject matter of this hearing?

A The proposed non-standard unit in this case, Case 2315, is in the extreme southeastern portion of the Totah-Gallup Pool. That non-standard unit is colored in green on Exhibit No. 1.

Q How have you shown the unorthodox location to serve that unit?

A The unorthodox well location is shown with a red dot.

Q Mr. Eaton, while we're looking at your isopach, let me ask you this, whether or not, in your opinion, each and every acre in this non-standard unit will be productive or is production of oil from the Totah-Gallup Oil Pool?

A In my opinion, each acre that is contained within this non-standard unit is productive from the Totah-Gallup Oil Pool.

Q Mr. Eaton, go ahead.

A As may be seen from Exhibit No. 1, the entire acreage falls well within the zero isopach contours, as shown on Exhibit 1. So, I believe that the entire unit is productive from the Totah-Gallup Pool.

Q Would you look, now, at what has been marked as Pan American's Exhibit No. 2, and state, for the record, what that Exhibit reflects?

A Exhibit No. 2 is a copy of New Mexico Oil Conservation



Commission Form c-128, showing the non-standard unit and the unorthodox location for Gallegos Canyon Unit No. 100. The non-standard unit is that acreage which will be dedicated to Gallegos Canyon Unit No. 100 at the unorthodox location, as shown on Exhibit No. 2.

Q Will you describe the acreage or locate the acreage contained within the non-standard unit?

A Yes, sir. The acreage, which is contained in the proposed non-standard unit consists of Lots 2, 3 and 4 of Section 12, Township 28 north, Range 13 West. The exact acreage might be described as follows: Lot 2 contains 28.83 acres. Lot 3 contains 28.87 acres, and Lot 4 contains 28.92 acres. The total acreage in the proposed non-standard unit is 87.62 acres.

Q Mr. Eaton, is the only reason that this is a non-standard unit due to the fact that it contains slightly over 80 acres?

A No, sir. Not only is the proposed unit non-standard because it contains more than 80 acres, but it is also non-standard because it consists of more than two legal subdivisions of a public land survey. In this particular case, it consists of three Lots, or three legal subdivisions.

Q What has caused these irregular Lots in this area, Mr. Eaton?

A All along the north boundary of Township 28 North, there is a tier of partial sections. Now, they vary somewhat in size, but in the particular area in which we're interested today,

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



they approximate 280 acres in size. Now, the south half of those partial sections are standard insofar as being standard quarter-quarter sections containing 40 acres. The northern part of the section consists of the small Lots, which, in this particular case are approximately 29 acres in size.

Q Now, Mr. Eaton, this unit is composed of three Lots. Could you use any combination of those three Lots with any combination of adjacent acreage, and form a standard 80-acre unit?

A No, sir, you could not, and follow legal subdivision boundaries. In other words, two of those Lots would be less than 60 acres. Three of them, as we have stated, are nearly 87 acres. Combining one of those Lots with a standard quarter-quarter would amount to a little less than 70 acres. So, we chose to combine the three Lots and make a non-standard unit consisting of about 86.62 acres.

Q Do you feel that this proposed unit is a good engineering answer to this problem as well as a practical solution to handling these irregular sized Lots?

A Yes, sir, I do. By doing so, this permits the formation of standard units in the south half of these partial sections, if it appears that they, too, will be productive.

Q Would you describe, for the record, the location of our proposed well to serve this unit?

A Yes, sir. Gallegos Canyon Unit No. 100 is located 476 feet from the North line, and 1980 feet from the West line of this

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



partial Section 12. It is also located in the center of Lot 3 of Section 12.

MR. UTZ: Is that 476 feet?

A Yes, sir. Therefore, the location is actually in the precise center of the proposed non-standard unit. It is equidistant from the North and South lines; it is equidistant from the East and West lines of the unit.

Q (By Mr. Buell) It is about as orthodox an unorthodox location as you can make, using this unit?

A Yes, it is.

Q Do you feel that if the Commission approves the proposal that you are making here today, that conservation will be served, and that the correlative rights of all owners of interest in this area of the Pool will be protected?

A Yes, sir, I do.

Q Do you have anything else you would like to add?

A No, sir.

MR. BUELL: That concludes our direct examination, Mr. Examiner. I would like to formally offer Pan American's Exhibits 1 through 2 inclusive.

MR. UTZ: Without objection, Exhibits 1 through 2 inclusive will be entered into the record.

(Whereupon, Pan American's Exhibits 1 and 2 were received in evidence).

CROSS-EXAMINATION

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



BY MR. UTZ:

Q Mr. Eaton, does Pan American own Lot 1 of this partial Section?

A Yes, sir, it does. It's in the Gallegos Canyon Unit. It's operated by Pan American.

Q Then, the acreage to the east would also be in the Unit?

A Yes, sir.

MR. UTZ: Are there other questions of the witness? The witness may be excused.

(Witness excused)

MR. UTZ: Any other statement in this case? The case will be taken under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



