

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

June 29, 1961

EXAMINER HEARING

Case 2327

TRANSCRIPT OF HEARING

BEFORE THE  
OIL CONSERVATION COMMISSION  
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EXAMINER HEARING

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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, )  
San Juan and Rio Arriba Counties, New )  
Mexico. Said non-standard units are neces- )  
sitated by irregular sections resulting from )  
survey corrections in the United States )  
Public Lands Survey. )

Case  
2327

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BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The Hearing will come to order, please.

The next case is Case Number 2327.

MR. MORRIS: Application of the Oil Conservation Commis-  
sion 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, San Juan and Rio Arriba Counties, New Mexico.

Mr. Examiner, the Commission staff will present this  
case. We will have one witness.

(Witness sworn.)

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MR. MORRIS: At the outset of this case, Mr. Examiner, I'd like to bring the record up to date on what has happened. Case 2228 was heard by Examiner Utz on March 22nd, 1961. The call of that case was the same as the call of this case, 2327.

At that time, we considered the establishment of a non-standard proration unit in the Basin-Dakota Gas Pool, and following the hearing of that case, some questions arose over the surveys that were used as a basis for the proposed unit. It was decided to dismiss that case and study the situation further before proposing non-standard units in this area.

The case today is being presented as a result of that further study.

MR. NUTTER: Do you know the order number that dismissed the previous case?

MR. MORRIS: Offhand, I do not.

MR. NUTTER: That would be a matter of record.

MR. MORRIS: Yes, sir.

ELVIS A. UTZ

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Will the witness please state his name and employment.

A Elvis A. Utz, Engineer with the Oil Conservation Commission.



Q In your capacity with the Commission, have you made a study concerning the necessity or advisability of establishing a non-standard proration unit in the Basin-Dakota Gas Pool in the area of the consideration today?

A Yes, sir; I have.

Q Why do you feel that the Commission should take it upon itself to establish these non-standard units?

A We have quite a number of Township correction lines in San Juan Basin. During the Mesa Verde development, we did not bother to outline these correction lines along the Townships into relatively even 320 acre units. Because of that, there has been hearing after hearing -- just how many, I don't know, but probably a couple of dozen -- and the main reason this case was called was to alleviate all those hearings and try to consolidate it into one hearing, if possible.

Further, we feel that these units should be set out all together so that they can be evenly divided insofar as possible and the operators will then know what units they have and we won't have quite so many hearings.

Q As a result of the studies that you have made in the area, are you prepared at this time to propose non-standard Basin-Dakota units?

A Yes, sir, I am.

Q Mr. Utz, before we get into the Exhibit that you have prepared showing this unit, would you state what your objectives

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were in establishing and what criteria you used as a basis for the units?

A The decision was made before we developed these units that in all cases, the Dakota units would coincide precisely with the Mesa Verde units already established. We felt this would assist the operators in their accounting procedures as well as to assist us in keeping a little better track of what the units were. That was the primary consideration. And, of course, due to the fact that the Mesa Verde units were very well scattered around the area in question, which virtually dictated what we could do in establishing the units that were not Mesa Verde units. However, on the balance of the acreage which is not covered in Mesa Verde units, we attempted insofar as possible to make as near as possible 320-acre standard units along the correction lines.

Q What surveys have you used in preparing the non-standard units?

A I used the Bureau of Land Management official survey plat which would be the only official survey as far as I know in existence and upon which the Bureau of Land Management issues leases and charges rentals.

Q Where there have been dependent surveys and independent re-surveys you have used them?

A At any time the dependent survey was made, we used that acreage where it was officially changed from the Bureau of Land Management.

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Q For the record, now, Mr. Utz, would you explain just briefly the manner in which the Bureau of Land Management allocates acreage to the Federal lands involved in this Township when a dependent or independent survey has been run?

A We have consulted with the survey office of the Bureau of Land Management, Santa Fe, and we are informed by them that <sup>where a</sup> ~~their~~ resurvey is made on an old survey that the lines, the actual division lines of the subdivision are not changed in any way. However, the direction of these lines are corrected to what they actually are, whether or not they're in error and acreage within these lines, if the change is 5% or more, is changed on the dependent survey; and in such cases, it's my understanding from them that the lease covered by these <sup>connections</sup> ~~cross-sections~~ is so changed.

Q This re-allocation is made only on Federal acreage, not on State or fee land?

A The division lines wherever they border Federal acreage are changed on fee tracts, but the acreage actually within it is not calculated by the Bureau of Land Management.

Q Mr. Utz, would you please refer now to Exhibit Number 1 that you have prepared, I believe for this case, and in each Township that is involved, would you make any comments you might wish to including if you would the surveys that you used in preparing the proration units and point out, if you will, also, the Mesa Verde units that exist in the Township and where they coincide with the Dakota units that you have proposed?



A Yes, sir; I will. Before proceeding, though, I'll state that there are a hundred and fifty-six units included in this Exhibit including eighteen Townships. All Townships, of course, have correction lines of significant variation from standard acreage. We attempted insofar as possible to only cover the edge of these Townships where the correction lines were so that standard units could be formed wherever the acreage was standard.

The first plat is 29-9. We have seven Mesa Verde units along the west side of this Township which were established by Order Number R-564, 771, 1096, 1096 and 1098. There is one additional Mesa Verde unit which was established by N.W.U. Order which is the north half of the balance of the north half of Section 30. All these acreages range from 264 acres on the Mesa Verde units to as high as 407 acres.

Q May I interrupt you. You mean there that the N.W.U. would be the balance of the south half of the 30, would it not?

A Yes, sir. It is the south half rather than the north half. The acreage calculated on these units was based on the April 19, 1881 survey with an independent survey made on July 2, 1952.

Section -- Township 30-9, there are four non-standard units located along the west side of the Township. These units range from 299 to 380 acres, approximately -- 310 acres. The acreages were calculated on the survey of April 19, 1881.



MR. NUTTER: Have those Mesa Verdes been established already?

THE WITNESS: Yes, sir; all four of them are standard Mesa Verdes.

MR. NUTTER: Established on our order or N.W.U.'s?

THE WITNESS: I can't say.

MR. NUTTER: It is dedicated to wells?

THE WITNESS: As far as -- according to our well file.

MR. NUTTER: I see.

THE WITNESS: I'm quite sure they have to be established. I am informed they were established by <sup>R.</sup> ~~our~~ order.

MR. NUTTER: They all cross Section lines, do they not?

THE WITNESS: Yes, sir, they do.

The next Township is 30-North-6 West. The correction line in this case is the southeast side of the Section. We have established seven standard units along this correction line. The acreages vary from 230 acres to 339 acres. Of the seven Dakota units established here, there are six of them that are standard Mesa Verde units which dictated the division. The acreages were calculated on the April 19, 1881 survey with a dependent survey of July 2, 1952.

Q (By Mr. Morris) I believe the Exhibit shows five of these coincided with Mesa Verde units?

A That's right.

Q And one of those units is actually along the northern



border of the Township?

A Yes, sir, it is.

The next Township is 31-4. We have a correction line on this Township along the north and west side of the Township which necessitated establishing quite a number of units. There were no Mesa Verde units in this Township so the attempt here was to determine and divide insofar as possible the 320 acres which we were relatively successful in doing. There are twenty-two non-standard units in this Township. Acreages in this Township were based on the April 19, 1881 survey with a dependent survey of July 2, 1952.

The next Township is 31 North, 5 West. This Township involves thirty-two -- five units, I believe -- It is a little blurred here. There are five or six Ambrosia units. Of course, the contention is not to cross unit lines with any of these pro-ration units, so again that somewhat dictated the size and shape of the units. There are eight units along the north and west sides of this Township, the largest of which is 368 acres and the smallest of which is 327 acres.

MR. NUTTER: They comprise the Mesa Verde units?

THE WITNESS: No, sir.

Q (By Mr. Morris) The smallest of which is 323 acres?

A Yes, sir; 323. The acreage was based on the April 19, 1881 survey and the dependent survey of July 2, 1952.

The next Section is 31 North, 6 West. We have ten units along the north and east side of this Township. There is one



Mesa Verde unit which consists of a partial Section 5. The balance of the units are only Dakota units and range from approximately 318 acres to 356 acres.

Q Mr. Utz, the proration units in the southeast quarter of Section 36, is this a part of that proration unit in another Township?

A It extends down into 30 and 6.

Q I see.

A You might note that there is a little jog in the unit between Sections 3 and 4 on the north boundary. That was done because of the little piece of C acreage in there. We wanted to get all of the C acreage in one unit. The acreage in these units are based on the April 19, 1881 survey and the dependent survey of July 2, 1952.

The next Township is 31 North, 7 West. There are fourteen units along the north and west boundary of this Township. A number of them are Mesa Verde units. Twelve of them are established Mesa Verde units. The units in this Township are quite irregular. These acreages range from 296 acres to 367 acres.

Q 259 is the low there?

A 259 is the lowest. 367 is the highest. These acreages were based on the April 19, 1881 survey and the dependent survey of July 2, 1952.

The next Township is 32 North, 5 West. The correction lines in this case are on the north and west boundaries of the

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Township.

MR. NUTTER: Mr. Utz, refer back to 31-7 for one moment. In the southwest quarter of 7-31, that Mesa Verde is indicated as having 296 acres. Does that tie on with another?

THE WITNESS: Yes, sir, with the unit in 30 and 7.

MR. NUTTER: All right, sir.

A There are eleven Mesa Verde units -- eleven Dakota units in 32-5, two of which are already established Mesa Verde units. Due to the distribution of these Mesa Verde units, this virtually dictated the distribution of the Dakotas. These units vary from a low of an already established Mesa Verde unit 278 acres to approximately 354 acres. The acreage contained in these units was based on the April 19, 1881 survey and the dependent survey of July 2, 1952.

Q (By Mr. Morris) And the unit established in the extreme northeast corner, northwest corner of the Township ties on to another Township?

A A 40-acre tract in 32 and 6 which is a part of this unit.

The next Township is 32 North, 6 West. The correction line here is on the north side of the Township. For some reason, there is only one section in the Southwest corner of the Township, Section 31, which contains odd acreage. There are twelve established Dakota units in this Township, two of which are already established Mesa Verde units. These acreages range from a low of



315 acres and an already established Mesa Verde unit of 308 acres rather a Dakota unit -- to a high of about 356 acres. The acreages in these units were based, dictated by the survey of April 19, 1881 with a dependent survey of July 2 of 1952. The Mesa Verde units in this Township are established by Order Number R-1066.

In Township 32 North, 7 West, the correction line here is on the north side of the Township. We have only seven established Mesa Verde units. Of the seven, there are one, two, three, four, five are established Mesa Verde units, so that it only left two to worry about. These were established by Order Number R-1066. The acreage in these units is calculated from an official Bureau of Land Management survey of April 19, 1881 with a dependent survey of July 2, 1952.

Thirty-two North, eight West. We have the correction line on the northwest side of the Township which we divided up into ten units. There are no established Mesa Verde units in this Township. The acreage that we have established varies from 305 acres to a high of 329 acres. The acreage between these units was calculated from a survey of April 19, 1881 with a dependent survey of July 2, 1952.

Thirty-two North, eleven West. The correction line in this case is on the north side of the Township. There are nine units established, all of which are established Mesa Verde units. These acreages vary from 320 acres to 336 acres.

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Q Actually, Mr. Utz, one of these units is not on the Township line, but was necessitated by the irregular shape of two other units?

A The cross-section lines straddled the section line and that unit, while it is established standard unit, acreage-wise, is non-standard because it does straddle a section line. It was established by Order Number R-784. It wouldn't actually have been necessary to have shown that on this plat, but since it was established by the Order, we did show it. The survey used in calculating the acreage was the survey of April 19, 1881 with a dependent survey of July 2, 1952.

Thirty-two North, twelve West. We have a correction line along the north side of the Township. The two easternmost units are already established Mesa Verde units. The acreage ranges from 280 acres to as high as 336 acres. The acreages were calculated from a survey of April 19, 1881 and a dependent survey of July 2, 1952.

Twenty-nine-thirteen. The correction line is the west side of the Township. Here there are only three units established, none of which are Mesa Verde units. These units range from 254 to 366 acres. They were calculated on the basis of the April 19, 1881 survey with a dependent survey of July 2, 1952.

Thirty North, thirteen West. The correction line here is, again, on the west side of the Township. The unit shown -- ~~there are four units -- well, three and a part of another unit in~~

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the Township immediately north. There are no Mesa Verde units. The acreage in these Dakota units range from 314 to 324. The acreage in these units was calculated from a survey of April 19, 1881 with a dependent survey of July 2, 1952.

Thirty-one North, thirteen West. Again, the correction line is on the west side of the Township. We established four Dakota units, none of which were established Mesa Verde units. The acreage range from 315 to 329. The acreages were calculated on the basis of the April 19, 1881 survey with a dependent survey of July 2, 1952.

Q Mr. Utz, the unit that you have established in the west half of Section 13, does that tie on to any other unit?

A It ties on to another one in 31 North, 12 -- correction, 30 North, 13 West.

Thirty-two North, thirteen West. The correction line is on the northwest side of the Township. We have established ten non-standard units, none of which are indicated to be Mesa Verde units. The acreage in these units range from a low of 320 to a high of 363 acres. The acreage in these units were computed on a survey of April 19, 1881 with a dependent survey of July 2, 1952.

Thirty North, seven West. The correction line is on the west side of the Township. We have established five Dakota units, all of which are established Mesa Verde units. I would call your attention to a little niche in the southeast corner of the unit



which was necessitated, again, by fee acreage. The acreage is calculated in these units on the basis of the survey of April 19, 1881 with a dependent survey of July 19, 1915.

Q Mr. Utz, on this Exhibit Number 1 that you have just gone through, are the acreages attributable to each of these units shown on this Exhibit?

A Yes, sir, they are.

Q Also the surveys that were used are indicated on the Exhibit?

A Yes, sir. They are, as well as units that are Mesa Verde units and the Order numbers from which some of these units were established.

Q Except where you specifically pointed this out, are these proposed units necessarily established according to lease ownership?

A No, sir. I think if anyone tried to establish them by lease ownership, they'd go batty trying to do it.

Q Mr. Utz, in your opinion will the more orderly development that will be possible in this area because of these non-standard units -- will correlative rights be protected thereby?

A I believe they will. The reason I believe so is that we have several instances where already established Mesa Verde units have dictated to us to make units as near the same size as possible. I believe that will greatly assist in protecting correlative rights.

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Q Do you have anything further to offer in this case?

A I don't believe so. However, I might state for the benefit of those interested that we have tried to establish the size of these units as near 320 acres as possible, and where it was not possible, we have tried to lean on the heavy side, which I am sure they won't object to, and where we could not do that, we had to go a little below.

Q By and large, though, the units are 320 or above?

A Yes, sir.

Q Mr. Utz, did you prepare Exhibit 1, or was it prepared under your supervision?

A Yes, sir, it was.

MR. MORRIS: Mr. Examiner, Commission Staff offers the Exhibit Number 1 in Case 2327 and that concludes the direct examination of Mr. Utz.

MR. NUTTER: Staff Exhibit 1 will be entered in evidence.

Does anyone have any questions of the witness?

EXAMINATION

BY MR. NUTTER:

Q Refer to the last page of your Exhibit; 30 and 7. Now, the Section unit from the top is 298.90 acre Mesa Verde unit which appears to be practically the same size as the Mesa Verde unit just to the south of it and yet the acreage in the Mesa Verde unit to the south is greater. Is this one of those cases where they have recalculated the acreage?



A No, sir. I think that this is due to just the size of the lots. I think it's kind of wedge-shaped, which isn't indicated here.

Q The unit farther south there is a little larger?

A No, sir. I don't have it on the work sheet. It is a Township that we included in this case simply because we had to make a decent unit. We had to come down into the Township, from the Township immediately north of this and we determined that all those were standard Mesa Verde units and the acreage that I have here was checked on the plat, but the figures checked with the C-128 in the well files. I can't explain just why that acreage is different, but I feel it is correct.

Q I notice considerable variation also in the size of the lots on 32-12, the size of the units. That is on page 13. We have one in Section 9 having 280 acres in it and one directly east of that which appears from the Exhibit to be the same size yet having 326 acres. Is this a wedge-shaped unit line also?

A I don't know. I'll see if I can find out. I believe Mr. Rainey requested that yesterday and we double-checked and it showed that our acreages are correct.

Q That's the way the surveys calculated the acreage in the section?

A Yes. As a matter of fact, over in Section 9 the acreage ranges in the neighborhood of 34, 35 acres. Over in the other Section they range from 43 to 44.

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MR. NUTTER: Does anyone have any further questions of Mr. Utz?

He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further you wish to offer?

MR. MORRIS: No, sir.

MR. NUTTER: Does anyone have anything he wishes to offer in Case 2327?

We'll take the case under advisement and the Hearing is adjourned.

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