

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

EXAMINER HEARING

IN THE MATTER OF:
CASE 2347

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

IN THE MATTER OF: -----

Application of Pan American Petroleum
Corporation for two non-standard oil
proration units, San Juan County, New
Mexico. Applicant, in the above-styled
cause, seeks the establishment of two
non-standard oil proration units in the
Totah-Gallup Oil Pool, San Juan County,
New Mexico, one unit consisting of the
East 82.56 acres and one unit consisting
of the West 82.56 acres of that portion of
the N/2 of Section 14, Township 29 North,
Range 14 West, lying South of the mid-
channel of the San Juan River, to be dedi-
cated to applicant's Navajo Tribal "H"
Well No. 11, located 2090' from the North
line and 1840' from the East line of said
Section 14, and to applicant's Navajo
Tribal "H" Well No. 12, located 1830'
from the North line and 810' from the
West line of said Section 14, respectively.

Case 2347

BEFORE:

Daniel S. Nutter, Examiner

EXAMINER HEARING

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

The next case on the docket will be No. 2347.

MR. MORRIS: Application of Pan American Petroleum
Corporation for two non-standard oil proration units.

MR. BUELL: May it please the Examiner, for Pan American
Petroleum Corporation, Guy Buell. Associated with me is Mr.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Charles Malone of the Firm of Atwood & Malone of Roswell, New Mexico. We have one witness: Mr. Eaton.

MR. MORRIS: Let the record show that Mr. Eaton, who testified in the previous case, was sworn.

GEORGE W. EATON, JR.,
recalled as a witness herein, having been previously duly sworn on oath, was examined and testified further as follows:

DIRECT EXAMINATION

BY MR. BUELL:

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

A George W. Eaton, Jr.; Senior Petroleum Engineer for Pan American Petroleum Corporation in Farmington, New Mexico.

Q Mr. Eaton, you have testified at prior Commission Hearings, and your qualifications as a Petroleum Engineer are a matter of public record; are they not?

A Yes, sir; they are.

(Whereupon Pan American's Exhibit 1 marked for identification.)

Q (By Mr. Buell) Mr. Eaton, I direct your attention now to what has been marked as Pan American's Exhibit 1. What is that Exhibit?

A Exhibit 1 is a map of the Totah Gallup Pool in San Juan County, New Mexico. On Exhibit 1, we have drawn isopack lines

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



depicting the Gallup sand thickness in the Totah Gallup Pool. The contour interval used on the isopack is two feet.

Q Have you shown the wells currently completed in this oil well, Mr. Eaton?

A The currently completed Gallup Wells in this pool are shown with a blue dot.

Q In what geographical area of the Totah Gallup Pool is located the acreage in question?

A The acreage, which is the subject of this Hearing, is in the extreme Northwest portion of the Totah Gallup Pool.

Q Have you distinguished that acreage and those two proposed non-standard units on Exhibit 1?

A The acreage involved is colored in red and in green. The proposed non-standard units are those respective colors. The Eastern most unit is colored red. The Western most is colored green.

Q All right, sir. Now, the red unit will be served by which well?

A The red unit will be served by Navajo Tribal "H" No. 11. The green unit will be served by Navajo Tribal "H" No. 12.

Q All right, sir. Would you, for the record, describe the acreage contained in the unit colored red?

A Yes, sir. Actually, the two units together consist of all of the Navajo Tribal acreage lying in the north half of Section 14 and south of the midchannel of the San Juan River. The



east most unit will consist of the east 82.56 acres, and the western most unit will consist of the western 82.56 acres.

Q Why are the proposed units non-standard, Mr. Eaton?

A These units are non-standard because of their size and their shape. In addition, more than two lots, as legal subdivisions of a Public Lands survey, are involved; and in the case of the Navajo "H" 11 Unit, the unit actually crosses a quarter section line. They are unorthodox or non-standard in size, being 82.56 acres each, where the standard unit, itself, would contain 80 acres.

Q Both units will be served by wells located at an unorthodox location; is that correct?

A Yes, sir; that is true.

Q What is it that necessitated, Mr. Eaton, forming these two non-standard units?

A The non-standard units are necessitated by the irregularities of the foreign boundary of the Navajo Indian Reservation, which is defined by the midchannel of the San Juan River, as it exists by the 1882 survey.

Q Is this the same problem that we have had a similar experience with in the adjacent Cha Cha Gallup Oil Pool?

A Yes, sir; it is.

Q While we are still looking at your Exhibit 1, Mr. Eaton, would you state for the record whether or not, in your opinion, each and every acre in both of these proposed units is or is not



productive?

A It is my opinion that each and every acre in both of the non-standard units is productive from the Totah Gallup Oil Pool. You will note the acreage falls entirely within the zero isopack on Exhibit 1.

Q Mr. Eaton, would you look now at what has been marked as Pan American's Exhibit 2.

A Yes, sir.

Q What does that Exhibit reflect?

A Exhibit 2 is a detailed map showing the location of the two non-standard units in the north half of Section 14. Again, the eastern most unit has been colored in red, and the western most unit has been colored in green.

Q This Exhibit simply shows in more detail the particular lots which go to make up these two units?

A Yes, sir.

Q Would you look at your Exhibit 2, as well as Exhibit 1 if you need to, and tell me whether or not, using any combination of acreage south of the midchannel of the San Juan River either to the east, the west, or south of the acreage in question, by the use of any combination of such acreage could you form a standard 80-acre unit?

A No, sir.

Q Do you feel, Mr. Eaton, that the units that you are proposing here today are a good engineering solution to the problem



that confronts us here, the meandering of the San Juan River channel?

A Yes, sir; I do. I believe that from an engineering standpoint, this is a good practical solution to this rather unique problem.

Q You feel that it is practical as well as an engineering solution?

A Yes, sir. As a matter of fact, the units are almost standard in size.

Q Do you feel that the approval of these two units as requested here today will protect the correlative rights of all owners of interest as well as prevent waste?

A Yes, sir; I do.

Q Do you have anything else you would like to add, Mr. Eaton?

A No, sir; I don't believe so.

MR. BUELL: That is all we have at this time, Mr. Examiner.

MR. NUTTER: Are there any questions of Mr. Eaton? He may be excused. Is there anything further, Mr. Buell?

MR. BUELL: Yes, sir. May I formally offer Pan American's Exhibits 1 and 2?

MR. NUTTER: Pan American's Exhibits 1 and 2 will be entered into evidence.

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

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



