

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

November 8, 1961

IN THE MATTER OF:

Application of Royal Development Company for
seven unorthodox oil well locations, San Juan
County, New Mexico.

CASE NO.
2430

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2430.

MR. WHITFIELD: Application of Royal Development Com-
pany for seven unorthodox oil well locations, San Juan County,
New Mexico.

MR. COTTER: R. Hugo C. Cotter, Albuquerque, represent-
ing Royal Development Company. We've one witness. We have a
deficiency in copies of the exhibits.

(Witness sworn.)

H. E. SHELLANDER,

called as a witness by and on behalf of applicant, having been
first duly sworn on oath, was examined and testified as follows:



DIRECT EXAMINATION

BY MR. COTTER:

Q Will you state your name, please, sir.

A H. E. Shellander.

Q Are you employed by the applicant, Royal Development Company?

A Yes. I am business manager for Royal Development Company in Albuquerque.

Q I show you Exhibit 1. Will you identify what that is, Mr. Shellander.

A This is an exhibit showing the acreage that we have located in the Shiprock-Gallup Pool. The acreage that we own and operate is located south of the half-section line running between Sections 16 and 17.

Q Is the lease owned by Royal Development Company encompassed by the area in the cross-hatched line?

A That is correct, 200 acres.

Q Is there any other producing company in the Gallup-Shiprock field?

A Yes, Universal Oil Company has contiguous acreage to the north.

Q All of the producing wells indicated on this map are for Royal Development Company?

A That's right.

Q There are no other producers in the Pool?

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A None other than the two we have mentioned.

Q Now, what is the prevailing well spacing in that field at present, Mr. Shellander, if you know.

A By a special ruling made in 1959, I believe, the well spacing was set up on a two and a half acre spacing. The regulation reads: "Each well drilled in the Shiprock-Gallup Pool shall be located no nearer than 165 feet to the outer boundaries of the quarter quarter section on which it is located and shall be located no nearer than 300 feet to the nearest well producing from the same common source of supply." It provides, however, that said 300 feet restriction shall be applicable to wells projected or to be completed in the Gallup formation which offset wells were drilled or completed in the Shiprock-Gallup Oil Pool on the effective date of these rules.

Q Mr. Shellander, were you reading from Order No. R-1438 promulgated in Cause No. 1697 before this Commission?

A That is correct, sir.

Q Now, within the area of the Royal Development lease how many wells, producing wells, are there at present?

A Eighteen wells producing now.

Q They are all depicted on the exhibit?

A That is correct. There were wells that are shown in this solid circle.

Q What is the depth of the most shallow of these wells?

A We get production at 69 feet on the west end of the



field.

Q What is the depth of the deepest well?

A It is 100 feet deeper at the east end of the field.

Q Now, what are the seven red circles depicted on the map, sir?

A We have requested seven unorthodox locations, unorthodox in accordance with the specific rules that have been set up. We are asking for a relaxation of the rules allowing wells to be spaced closer than 300 feet within the confines of our lease and within 165 feet of the quarter quarter section line, also within the confines of our lease, but no closer than the existing 165 feet ruling to the producing acreage contiguous to the north.

Q The proposed locations, are they depicted as to proposed position on this map?

A It is. The map is of such scale that it's pretty hard to depict.

Q Is it proposed to locate any of the five northerly wells less than 165 feet from the northern boundary of the lease?

A No, exactly 165 feet from the northern boundary of the lease.

Q Then the only way in which these wells would be unorthodox as to location is insofar as the quarter quarter section boundary would be concerned so that some of these would



be less than 165 feet from the north-south boundaries?

A That's right, of the quarter quarter section, from the boundary running north-south, right.

Q Some or all of the wells would be less than 300 feet from other producing wells within the Royal Development leasehold?

A Some would be, yes.

Q What is the reason that Royal Development Company intends to drill these additional seven wells?

A Well, from our experience with the eighteen wells we have, we found that we have no drive that you normally experience such as a gas solution drive or water drive. The wells in the producing section, which averages six feet, slopes from west to east and the only drive we can determine is drive by gravity and we feel that by putting more holes in the ground to penetrate the producing formation, that we will recover more oil.

Q In Case No. 1697, do you know who the applicant was for the present spacing rules in effect in this field?

A It was the producing company to the north contiguous to us.

Q Universal?

A Universal Oil Corporation.

MR. COTTER: We tender in evidence at this time Exhibit No. 1 with no further questions.



EXAMINER UTZ: Without objection, Exhibit No. 1 will be entered into the record.

CROSS EXAMINATION

BY EXAMINER UTZ:

Q Actually, Mr. Shellander, the only reason that you want this is to try to acquire better drainage?

A That is it, sir.

Q These are pumping wells?

A Yes.

EXAMINER UTZ: Are there other questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Shellander, did you say your pay average is six feet thick?

A Yes, sir. In the one well that exists.

Q In no event would any well be closer to 165 feet to your boundaries, is that correct?

A That is correct.

MR. NUTTER: Thank you.

EXAMINER UTZ: Are there other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

EXAMINER UTZ: Are there any other statements in this



