

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 11, 1962

EXAMINER HEARING

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IN THE MATTER OF: )

Application of La Plata Gathering )  
System, Inc., for an unorthodox gas )  
well location, Rio Arriba County, )  
New Mexico. Applicant, in the above- )  
styled cause, seeks approval for an )  
unorthodox Blanco Mesaverde well )  
location 1,790 feet from the North )  
line and 790 feet from the East line )  
of Section 24, Township 32 North, )  
Range 6 West, Rio Arriba County, )  
New Mexico. )

Case 2627

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BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 2627.

MR. DURRETT: Application of La Plata Gathering System,  
Inc., for an unorthodox gas well location, Rio Arriba County,  
New Mexico.

MR. MORRIS: Mr. Examiner, I'm Richard Morris, Seth,  
Montgomery, Federici and Andrews, Santa Fe, New Mexico, appear-  
ing for La Plata Gathering System. We have one witness.

MR. UTZ: Let the record show that this witness has been



sworn in the previous case. Are there any other appearances in this case? You may proceed.

MR. MORRIS: At the outset of this case, Mr. Examiner, I call your attention to a letter which I believe you have in your file from Mr. William G. Webb, Vice President of La Plata Gathering System requesting an amendment of the original application which would change the location of the well as applied for and as advertised and as appears on the docket. The only change would be, rather than 790 feet from the east line of Section 24, subject well is to be located 790 feet from the west line of Section 24.

MR. UTZ: How far is it from the east line, actually?

MR. MORRIS: Well, this is a full-size section.

MR. UTZ: I see.

MR. MORRIS: Now, the only offset operator in this area is El Paso Natural Gas Company, and I have received this morning a telegram from El Paso waiving objection to the change in location and stating that it has no objection to the location of the well as per the amendment. With the Examiner's permission, I would like to proceed on that basis.

MR. DURRETT: Would you like to introduce this into the record as an exhibit?

MR. MORRIS: All right.

MR. UTZ: El Paso is the only offset operator within

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1500 feet?

MR. MORRIS: Mr. Examiner, I believe that is correct. Our Exhibit No. 1 is a plat of the area and it will more fully depict the ownership of acreage in this area. El Paso is the operator which would be affected by the moving of the location to the west inasmuch as they are the owners of acreage that would be crowded, so-to-speak, by the change in the application.

MR. UTZ: In view of the fact that El Paso has sent the telegram waiving any objection to the shifting of the well from 790 feet from the east line to 790 feet from the west line, the Examiner will allow the application to be corrected in this manner.

(Whereupon, Applicant's Exhibit C was marked for identification.)

MR. MORRIS: Mr. Examiner, I offer the telegram just referred to as Applicant's Exhibit No. C in this case.

(Whereupon, Applicant's Exhibit C was offered into evidence.)

JAMES P. MORRIS

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

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Morris, please state your name for the record.

A James P. Morris.

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Q What is your position, Mr. Morris?

A Geologist with La Plata Gathering System, Inc.

Q And you've previously qualified as an expert witness before the Oil Commission or one of its Examiners?

A Yes.

Q Are you familiar with La Plata's application in Case 2627?

A Yes.

Q Would you describe what La Plata seeks by its application?

A Requests for an unorthodox location in the Blanco Mesaverde Gas Pool, location being 1790 feet from the north line and 790 feet from the west line, Section 24, Township 32 North, Range 6 West, Rio Arriba County.

Q Mr. Morris, inasmuch as the Blanco Mesaverde Gas Pool rules require that the well be located either in the Northeast Quarter or Southwest Quarter of the section, the subject case is occasioned by the fact that you propose to locate the well in the Northwest Quarter of Section 24, is that correct?

A Right.

Q Would you state your reasons for proposing the location of the well in the Northwest Quarter rather than in the Southwest Quarter of the section?

A Log analysis of the Mesaverde section in La Plata



Gathering System Well No. 1-24, Well No. 2-24 --

Q Let me interrupt you just a moment. Maybe it would be a proper time to have your plat which you've prepared marked as Exhibit A and described.

MR. UTZ: It would be quite helpful.

(Whereupon, Applicant's Exhibits A and B were marked for identification.)

Q (By Mr. Morris) Mr. Morris, what is the instrument that has been marked as Exhibit A by the reporter?

A It is a location plat of the subject well.

Q That well is shown in the Northwest Quarter of Section 24, 1790 feet from the north line, 790 feet from the west line?

A Correct.

Q Would you proceed with your explanation of why La Plata proposes to location its well on the Northwest Quarter rather than in the Southwest Quarter of this section?

A A log analysis of the Mesaverde section in La Plata Gathering System, Wells Nos. 1-24, 2-23 and 2-23, San Juan Unit 32-5.

Q Those wells all being shown on this exhibit?

A All being shown on this exhibit and also on Exhibit B, which is a cross section; the log analyses indicate the Mesaverde sands are much thinner in the Southwest Quarter of the Section 24,

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A In the Well 2-24 it's the East Half, Mesaverde.



Gathering System Well No. 1-24, Well No. 2-24 --

Q Let me interrupt you just a moment. Maybe it would be a proper time to have your plat which you've prepared marked as Exhibit A and described.

MR. UTZ: It would be quite helpful.

(Whereupon, Applicant's Exhibits A and B were marked for identification.)

Q (By Mr. Morris) Mr. Morris, what is the instrument that has been marked as Exhibit A by the reporter?

A It is a location plat of the subject well.

Q That well is shown in the Northwest Quarter of Section 24, 1790 feet from the north line, 790 feet from the west line?

A Correct.

Q Would you proceed with your explanation of why La Plata proposes to location its well on the Northwest Quarter rather than in the Southwest Quarter of this section?

A A log analysis of the Mesaverde section in La Plata Gathering System, Wells Nos. 1-24, 2-23 and 2-23, San Juan Unit 32-5.

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Township 32 North, Range 6 West than they would be in the North-west Quarter Quarter of this section. If you will examine the cross section you'll note at the bottom of the location plat showing the three wells in the proposed location the cross section is indicated by dotted lines which goes from west to east, 2-23, 1-24 and 2-24 well.

Now, if you will note the Mesaverde section in the cross section you can see, although the Mesaverde sands are present in the Southwest Quarter Well No. 1-24, they are much better developed to the north or in the wells numbered 2-23 and 2-24.

Q Mr. Morris, does La Plata Gathering System have an obligation to drill a well in the West Half of Section 24 pursuant to its unit agreement in this area?

A Yes. The West Half of Section 24 in 32 North, 6 West is committed to the San Juan 32-5 Unit Agreement and has become a part of the participating area for the Mesaverde formation and is an intervening drilling block in the six spans effective February 1, 1962. Under the terms of the unit agreement the well must be commenced on this intervening drilling block on or before February 1st, 1962.

As was brought out in the application submitted to the Commission, there's no topographic conditions prevailing, but it is felt that we can expect better Mesaverde sand development in



the Northwest Quarter of Section 24 and, therefore, attain a much better Mesaverde well, which will be in the best interest of the royalty and working interest owners within the Mesaverde participating area.

Q For that reason, Mr. Morris, would it be your conclusion and your opinion that the drilling of the well in the Northwest Quarter rather than in the Southwest Quarter would tend to protect the correlative rights of all Mesaverde operators in this area?

A Yes.

Q Were Exhibits A and B prepared by you or under your supervision?

A Yes.

MR. MORRIS: Mr. Examiner, Exhibit C having previously been offered, we now offer Exhibits A and B in this case, and that concludes the direct examination of Mr. Morris.

MR. UTZ: Without objection, Exhibits A and B will be entered into the record of this case.

(Whereupon, Applicant's Exhibits A and B were entered into evidence.)

#### CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Morris, what is your acreage dedication now on Section 24?

A In the Well 2-24 it's the East Half, Mesaverde.



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And the West Half will be dedicated as 3-24 in the Mesaverde.

Q What is the 1-24 well now?

A It's a Dakota well.

Q It's not a dual completion?

A No, sir.

Q It's a single completion? Can't help but wondering why you don't dual that well.

A It's kind of a long story. At the time we drilled this well, if you will notice on the induction log there, the Mesaverde sand looks, and evidence since then has indicated, that these sands are not necessarily wet. I mean we had a water resistivity which is much saltier than the rest of the basin, in fact, .75. The log calculations indicate that this lower resistivity will produce gas in the Mesaverde in the 32-5 Unit. Since we've drilled the 1-24 we've drilled the 2-24, and, as I pointed out on this cross section, you can see that the sands are much better developed in these two wells than they are in the 1-24. The reason we don't go back and dual the one 1-24 is because that well belongs to El Paso now.

Q How about the 2-24, does it belong to El Paso now?

A No, sir. Yes, that belongs to El Paso now.

Q What kind of a deliverability do you have on the 2-24 and the 2-23 and the 1-24, if you have that information?



A No, sir, I don't. The deliverability on 1-24, initial deliverability, this is approximate, was about six and a half million in the Dakota. The Mesaverde initial deliverability will run between 750 and a thousand.

MR. MORRIS: If the Examiner desires, we can furnish that information.

A Let me look here, I may have it in my brief case. Mr. Examiner, would the Commission desire the deliverabilities on Wells 1, 2 and 3 that we have been referring to here?

MR. UTZ: Actually, the Commission records can show that. I was interested in having that information here. It won't be necessary, we can look it up.

Q (By Mr. Utz) You feel sure, Mr. Morris, that the 2-23 is considerably higher than the 2-24, do you not?

A Yes, sir. I believe I can say that.

Q It appears that the La Plata Gathering System drills these wells and then sells them to El Paso?

A Yes.

Q Does the deliverability of the well have any bearing on the price that La Plata gets for these wells?

A Yes, sir.

Q On the 1-24, well, looking at that log do you see a great difference in the development of the Mesaverde in the

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Southwest Quarter than you do in the 2-23 well?

A Yes, sir. If you will notice, that sand at 5500 feet in the 2-23 is well developed, and if you'll go straight across there it is practically gone in the 1-24.

Q It is considerably better than the 2-24?

A Yes, sir.

Q Is there anything in your sales contract to El Paso to prevent you from drilling a Mesaverde well in the Southwest Quarter?

A No, sir.

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

(Witness excused.)

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

MR. MORRIS: That's all we have to offer, Mr. Examiner.

MR. UTZ: The case will be taken under advisement.



