

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

September 27, 1962

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:

Application of El Paso Natural Gas
Company for an unorthodox oil well
location, Rio Arriba County, New
Mexico. Applicant, in the above-
styled cause, seeks approval of an
unorthodox oil well location for its
Canyon Largo Unit Well No. 118 at
a point 1090 feet from the South line
and 800 feet from the East line of
Section 8, Township 24 North, Range
6 West, Devils Fork Gallup Pool, Rio
Arriba County, New Mexico.

CASE NO.
2648

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF PROCEEDINGS

EXAMINER UTZ: Case 2648.

MR. DURRETT: Application of El Paso Natural Gas Company
for an unorthodox oil well location, Rio Arriba County, New Mexico.

MR. MORRIS: Mr. Examiner, Richard Morris of Seth, Mont-
gomery, Federick and Andrews, appearing for El Paso Natural Gas
Company in this case. Garrett Whitworth of the Texas Bar is as-
sociated with us in this case and will handle the presentation.



MR. GARRETT: Mr. Dave Rainey, who is our witness, is ready to be sworn.

(Witness sworn.)

D. H. RAINEY,

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

DIRECT EXAMINATION

BY MR. GARRETT:

Q Mr. Rainey, would you state your full name for the record and by whom you are employed and in what capacity, sir?

A David H. Rainey, chief assistant in the production department of El Paso Natural Gas Company.

Q You filed the application in this case, didn't you, Mr. Rainey?

A Yes, sir, I did.

Q Would you like to correct an error at the outset?

A Yes, sir, this entire application inadvertently, in the application and in the call of the docket, that is, it stated the location of 1090 feet from the South line and 800 feet from the East line of Section 8, 24 North, Range 6 West. It should read 800 feet from the West line of that Section instead of the East line. 1090 from the South is the correct location.

Q What does El Paso seek by this application?

A They seek a non-standard location for a Gallup oil well in the Devils Fork - Gallup Pool, Rio Arriba County, New Mexico.



Q Do you have a plat showing the exact locations of this well?

A Yes, sir, it's been marked as Exhibit No. 1.

Q Do you also have listed offset operators?

A No, sir, that is merely a copy of C-148, which was filed with the Commission to show the eighty acres for the information of the Examiner. Offset operators in Section 7 to the West is J. Gregory Marion and Associates, on which he has three oil wells, the nearest one being the No. 3 Edna, which is located in the West half of the Southeast quarter of this Section.

The Southwest offset in Section 18, the North half of that section, is the Skelly Oil Company. On it, the New Mexico Federal 1-G gas well.

The South offset, Section 17, is in the Canyon Largo unit, which is operated by El Paso Natural Gas Company.

The Southeast offset is in Section 16 and it is owned by the J. Gregory Marion and Associates, as far as the Gallup formation is concerned.

The North, Northeast and Northwest of the Southeast are all sections in the Canyon Largo unit.

Q For the record, you have previously testified before this Commission as an expert witness, haven't you?

A Yes, sir, I have.

Q Your qualifications have been made a matter of record?

A Yes, sir.

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Q When was this well completed?

A This well was completed and placed on production on July the 18th, 1962, potential which was taken on the well on July 27th, 1962, and the well potentialled for 174 barrels of oil and 2285 MCF of gas per day for a producing ratio of 1638 cubic feet per barrel.

Q To what depth?

A In the Gallup formation to the total depth of 5666 feet and it was plugged back to 5585 feet and the completed and producing intervals are at 5444 to 48, 5460 to 64, and 5574 to 80, all Gallup producing intervals.

The upper two sets were perforated, and the lower interval was fracked with 105,000 gallons of water and 100,000 pounds of sand.

Q And why is this well an unorthodox location?

A That is where the series of errors seems to come in. The application was filed for a gas location and dedicated at this point with a proposal to dedicate the West half of Section 8 to the well. Inadvertently, the drilling department and the civil engineering department in our Farmington office picked up the standard Northwest order and located the well as a standard gas location under the provisions of Order R-1670 which provides that the well is to be located for a gas well within 990 feet of the outer boundary of the proposed proration unit with a tolerance of 200 feet to be committed. In other words,



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790 feet to the boundary. This well is located, as I mentioned before, 800 feet from the West boundary and 1090 feet from the South boundary of the proposed unit, which is in accordance with the standard Northwest spacing rule. Unfortunately, the provisions in the Devils Fork-Gallup Pool are 790 from the outer boundary and 330 feet from any quarter-quarter section. This well comes within 200 feet of the quarter section line, the inter-division boundary.

It was non-standard for a gas location in this field. It was not caught by our people that checked it, our people or USGS or the State that checked that, and subsequently the plat was filed showing the eighty-acre dedication for the oil well at this location. At that time, the Aztec office called our attention to the fact it was a non-standard location.

Q You prepared El Paso's Exhibit No. 1, did you not, Mr. Rainey?

A Yes, sir. The civil engineering department in Farmington prepared it and furnished it to me.

MR. GARRETT: We ask that Exhibit No. 1 be admitted.

EXAMINER UTEZ: Without objection, Exhibit No. 1 will be admitted to the record.

(Whereupon Applicant's
Exhibit No. 1 was
admitted in evidence.)

A I might point out one fact here. This well is standard in relationship to the outer boundary and the error is in the



acreage, the unit which is dedicated to the oil well and is only closer to the center of that unit.

No violation of anybody else's correlative rights will be had in the granting of this application.

Q (by Mr. Garrett) Who actually discovered this error?

A It was the simultaneous discovery of the Aztec office, the Commission, and our gas engineering department in Farmington revealed in checking that it was non-standard from the outset.

Q How long after that did we file an application for an unorthodox location?

A Immediately. I might point out that the well did produce during the latter part of July and August and has produced today approximately 3,000 barrels of oil. It's currently shut-in awaiting on disposition of the casinghead gas of this well.

Q Do you have any further statement, sir?

A No, sir, I believe nothing else.

MR. GARRETT: That is all we have at the present time.

EXAMINER UTZ: Are there questions of the witness?

MR. DURRETT: Yes, sir, I have a few.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Rainey, if the Commission should feel that because of the error in the docket, there was a possibility that sufficient notice may not have been given, could you possibly submit



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to us a consent to it from the offsetting operators?

A El Paso is the only offsetting operator and is the only one that would be affected. If the well had been to the east edge of the section, El Paso is the offset operator to the east.

Q They are to the west also?

A Yes, sir. The Canyon Largo section is east of this.

Q And there is no violation in the spacing to the west, the only violation as far as a non-standard unit is concerned is it's closer to the center of the unit than the rules provide for?

A Yes, sir.

Q You don't anticipate anybody but El Paso to be affected by this?

A I should hope not.

MR. DURRETT: I believe that's all.

EXAMINER UTZ: Are there other questions of the witness?

The witness may be excused.

Are there other statements in this case?

The case will be taken under advisement.

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