

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 4, 1961

IN THE MATTER OF:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 8, Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, and of an 89.22-acre non-standard oil proration unit in said pool consisting of Lot 1 of Section 8 and Lots 3 and 4 of Section 9, all in Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 12, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 9.

CASE 2272

BEFORE: Dan Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: The hearing will come to order, please.
We will call the next case, Case 2272.

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

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MR. BUELL: Guy Buell, by letter, Atwood and Malone, of Roswell, New Mexico, and Guy Buell, appearing on behalf of the applicant.

We have one witness in the case.

MR. MORRIS: Let the record show the witness was sworn in the previous case.

DIRECT EXAMINATION

BY MR. BUELL:

Q State your complete name, by whom you are employed, in what capacity and at what location.

A George Eaton, Jr., senior petroleum engineer, Pan American Petroleum Corporation, Farmington, New Mexico.

Q You have testified in prior cases before the Commission, have you not?

A Yes, sir.

Q And your qualifications as a petroleum engineer are a matter of public record?

A Yes, sir.

Q Mr. Eaton, would you look at what has been marked Pan American Exhibit No. 1 in this case and briefly state for the record what that exhibit reflects?

A Exhibit No. 1 is a map of the Cha Cha-Gallup Pool, San Juan County, New Mexico, showing an Isopac countour of the Gallup sands at an interval of two feet.

Q Mr. Eaton, what area of the pool is the subject matter



of this hearing today?

A The unorthodox locations and non-standard units involved in this case would be the southeastern portion of the Cha Cha-Gallup Pool.

Q What has caused or what has necessitated this request? Why do we have to have these non-standard units and the two non-standard locations?

A Along the north boundary of Township 28 North, there is a row of short sections containing considerably less than the standard 640 acres normally in a section. The south part of each of these sections is a standard 160 acres. The north half of this section consists of lots each of which consists of approximately 30 acres.

Q How extensive is this row of irregular sections? Is it just prevalent in the Cha Cha-Gallup area?

A No, sir. While we're only concerned in this case with the short sections, in Section 8 and Section 9, Township 28 North, Range 13 West, actually the row of short sections extends quite a ways across the entire San Juan Basin.

Q Actually, Mr. Eaton, has not the Commission recognized the irregular section problem and on their own motion called a hearing to approve non-standard units for another formation in another field?

A That is true.

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Q All right, sir. How have you designated the two particular units and the two unorthodox locations on Exhibit 1?

A The two non-standard units are shown colored in red and in green. The two unorthodox locations are shown by a red dot.

Q While we're talking about that area, and before we go into detail on each one of the matters before the Commission here today, let me ask this question: In your opinion is each and every acre within both of these non-standard units productive from the Cha Cha-Gallup oil pool?

A Yes, sir. Exhibit 1 shows that all of the acreage in each of the two units is well within the zero contour as depicted by the Gallup-San Juan isopac. It is my opinion that every acre in each of the two units is productive of oil from the Cha Cha-Gallup Pool.

Q Now, about the unorthodox well locations. First, let's take the well in the westernmost unit. What well is that?

A The well in the westernmost unit is Pan American's C. J. Holder Well No. 11.

Q Would you locate that well for the record, sir?

A That well is located 660 feet from the west line, and 493 feet from the north line of that partial Section 8.

Q Is it right in the exact center of one of the three lots that form this non-standard unit?

A Yes, it's in the precise center of Lot 4 of Section 8.

Q Why, in this instance, Mr. Eaton, is an unorthodox lo-



cation necessary?

A The unorthodox location is necessary because the lot simply isn't big enough to move the well a proper distance from the legal subdivision line. This lot is only a matter of 986 feet wide in a north-south direction and if the well was located in the precise center of the lot it would still be unorthodox in my opinion.

Q Mr. Eaton, why didn't you recommend, or why didn't Pan American locate this well in the center lot that composes that non-standard unit?

A The well was located in Lot 4 to conform with the orderly development pattern which has been established for this area of the pool. If that well were located in the center lot, it would not be in conformance with that pattern. In fact, it would result in there being three wells on adjacent, approximately 40-acre subdivisions.

Q That well was located so it would fit into a uniform pattern of development, uniform so far as you can be uniform dealing with these irregular sections?

A That's correct.

Q Now, to the other unorthodox location. What is the designation of that well?

A The unorthodox location will serve Pan American's C. J. Holder Well No. 12, which is the non-standard unit colored in green on Exhibit 1. The location of the C. J. Holder Well No. 12

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is 660 feet from the West line and 493 feet from the north line of Lot 4, Section 9, Township 28 North, Range 13 West. That dimension that I just mentioned is also the distance from the north and west boundaries of Section 9.

Q You believe that you are able to put this well in the center lot of the non-standard unit?

A Yes, sir. This well can be located in the center lot of the non-standard unit because that is the location which conforms again with the uniform development pattern in the immediate area. Again, this location for the C. J. Holder Well No. 12 is in the precise center of Lot No. 4.

Q Do you feel that the locations as recommended by Pan Am are practical and reasonable locations with respect to these irregular-sized tracts we're dealing with?

A Yes, sir. I think this is a practical solution to the problem of assigning acreage in this area where there are sections not conforming to the standard 640 acres.

Q Now, about the lots that go to make up these two units; first, the one that will be dedicated to the C. J. Holder Well No. 11. In that connection, I'd like you to look at exhibit -- Pan American's Exhibit No. 2. What does that exhibit reflect?

A Exhibit No. 2 is a copy of NMOCC Form C-128, showing the location of the C. J. Holder Well No. 11 together with the acreage contained in the 89.62 acre non-standard unit which will be dedicated to C. J. Holder Well No. 11. The acreage in the non-

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standard unit is colored in red on Exhibit No. 2.

Q Would you name the three lots that comprise this non-standard unit for the record, please?

A Yes, sir. This non-standard unit will consist of Lot 2, containing 29.88 acres, Lot 3, containing 29.88 acres and Lot 4, containing 29.86 acres, all in Section 8, Township 28 North, Range 13 West.

Q All right, now. Directing your attention to what has been marked Pan American's Exhibit 3; what does that exhibit reflect?

A Exhibit 3 is a copy of NMOCC Form C-128, showing the location of C. J. Holder Well No. 12 together with the acreage that will be involved , 89.22 acres, non-standard unit which will be dedicated to that well.

Q Would you name those lots composing that non-standard unit?

A The 89.22-acre non-standard unit for C. J. Holder Well No 12 consists of Lot 1 of Section 8, containing 29.90 acres; Lot 4 of Section 9, containing 29.78 acres and Lot 3 of Section 9, containing 29.54 acres, all acreage being in Township 28 North, Range 13 West.

Q Most of these proposed units, Mr. Eaton, are composed of more than 80 acres. In view of that, let me ask you this: In your opinion, will the well completed in the Cha Cha-Gallup oil pool effectively and efficiently drain far in excess of 80 acres?



A Yes, sir, in my opinion, it will. In this particular area, there are interference tests being conducted on the lease which have demonstrated effective communication over a considerably greater area and extent than 80 acres, and since this is in the same general location as the requested units, it is my opinion the well will drain effectively and efficiently approximately 90 acres.

Q While you're looking at Exhibit 1, let me ask you this question with respect to both of these proposed non-standard units. Is there any way that any of the lots that we are using in these two units can be aligned with other lots so that a more nearly standard unit can be formed than what we propose here today?

A No, sir. Two lots composing the unit would make only approximately 60 acres, three would make approximately 90 acres, with the three-lot unit being a little closer to a standard unit than the two-lot unit would be.

Q Do you feel that the units that are being recommended here today by Pan American are a practical solution to this problem that we have in this area of irregular sections?

A Yes, sir, in my opinion, it is a practical solution to the problem.

Q Do you, as a senior petroleum engineer, feel that if the Commission approves the request in this case that conservation will be served and the correlative rights of all of the parties of interest will be protected?

A Yes, I feel it will.

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Q Do you have anything else you'd like to add?

A I believe not.

MR. BUELL: That's all we have.

MR. NUTTER: Does anyone have any questions?

MR. MORRIS: Yes.

QUESTIONS BY MR. MORRIS:

Q Does Pan American own the acreage immediately south of the proposed non-standard units?

A Yes, sir, it does.

Q Are those subdivisions immediately south of each lot, are they a standard forty acres?

A Yes, sir, they are.

Q Subdivisions?

A Yes, sir.

Q You could have run your unit north-south and come up with a unit of approximately 70 acres rather than running east-west and coming out with 90 acres, but either way, it's ten acres off on a non-standard unit?

A That is correct, sir.

Q Do you have any additional plans for developing the acreage immediately south of these proposed non-standard unit?

A Yes, sir, that acreage is already developed.

Q I didn't see any well plotted on this exhibit.

A Wells are not on Exhibit 2 or 3, but it is developed, all of the acreage in the south half of Sections 8 and 9 -- par-



don me -- strike that. The acreage in the south half of Section 8 and the acreage in the west half of the south half of Section 9 is assigned to wells. The three wells along in here are the same common lease.

Q You have very little alternative but to run your units east-west, as you have.

A That's true, sir.

MR. MORRIS: I have no further questions; thank you.

MR. NUTTER: Any further questions of the witness? If not, he may be excused.

(Witness excused.)

MR. BUELL: May I formally offer Pan American's Exhibits 1 through 3 into evidence?

MR. NUTTER: Pan American's Exhibits 1 through 3 will be entered in evidence. Is there anything anybody wishes to offer in the case? If not, the Commission will take the case under advisement.

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