

Case No.

300

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

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TRANSCRIPTION OF HEARING

CASE NO. 300

August 21, 1951  
(DATE)

E. E. GREESON  
COURT REPORTER  
UNITED STATES COURT HOUSE  
TELEPHONE 3-8872 4547  
ALBUQUERQUE, NEW MEXICO

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BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

In re:

Delhi Oil Corporation's application  
for approval of the communitization of  
certain extreme western quarter sections  
of Sections 6, 7, 18, 19, 30 and 31 of  
Townships 29 and 30 North, Range 8 West,  
NMPM, San Juan County, for the establish-  
ment of eight drilling units.

No. 300

TRANSCRIPT OF HEARING

BEFORE: Honorable Guy Shepard, Chairman  
Honorable R. R. Spurrier, Secretary

August 21, 1951

MR. SHEPARD: Case No. 300.

(Mr. Graham reads the Notice of Publication.)

MR. McLANE: My name is A. E. McLane, Dallas, Texas, representing Delhi Oil Corporation. I would like to state as a word of background that the application of Delhi is similar to an application previously filed for Delhi pursuant to which the Commission issued an order which I believe was its order R-35 pertaining to similar short quarter sections in Township 30 North Range 9 West and Township 31 North and Range 1 west, in which the Commission authorized the communitization of three short quarter sections each containing approximately 100 acres in order to form each drilling unit.

Since we filed this application which is under consideration now we learned that the Commission also has issued its order R-60, which pertains to the short quarter sections along the western side of Township 29 North, Range 8 West, so the only part of our application which remains will be pertaining to Township 30 North, Range 8 West. We are applying for an order authorizing communitization of three short quarter sections to form each drilling unit. We are also applying for an order to the effect that if and when proration is effected as to these wells it be strictly on an acreage basis.

R. G. CARLIN,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. McLANE:

Q Would you state your name to the Commission please?

A R. G. Carlin.

Q Where do you live, Mr. Carlin?

A Dallas, Texas.

Q What is your occupation?

A Engineer, Delhi Oil Corporation.

Q Mr. Carlin, there are four drilling units which are to be communitized if this application is granted and the first of these drilling units would consist of the west half of section six and the north west quarter of section seven in Township 30 North, Range 8 West, in San Juan County. Could you tell us how much acreage would be contained in this drilling unit?

A It has been established that there would be 330.88 acres in this particular drilling unit.

Q In the second drilling unit, which is also in Township 30 North, Range 8 West, would consist of the southwest quarter of Section 7 and the west half of Section 18. How much acreage is contained in this drilling unit?

A There would be 334.51 acres.

Q The third unit also in Township 30, North, Range 8 West, would consist of the west half of Section 19 and the northwest quarter of Section 30. What would be the acreage in this unit?

A 335.30.

Q The fourth unit also in Township 30 North, Range 8 West, would consist of the southwest quarter of Section 30 and the west half of Section 31. How much acreage in this unit?

A 336.90.

Q Then the -- if the present spacing program provides for

320 acre drilling units, these units would contain slightly more than the regular drilling units, is that right?

A Approximately five per cent more than the normal acreage specified for 320 acre units on the tests in this area.

Q In your opinion, Mr. Carlin, would an order such as applied for by Delhi here be in the interest of conservation and would it provide adequately for the protection of correlative rights?

A I am sure that it would.

Q Instead of six wells as would normally be drilled if these were regular sections this will provide for a total of only four wells, is that right?

A That is right.

Q But each well would have slightly more than the regular 320 acres attributable to it?

A Correct.

MR. SHEPARD: Any further questions?

MR. McLANE: I would like to state this further for the record. We have written to Mr. Forrest Morrell asking for his recommendations. I thought he would be present today but since I don't see him, if there is no objections I would like to have permission of the Commission to file a copy of the letter which he wrote to us recommending that this application be approved. I don't have a copy of the letter with me but if there is no objection I would like to mail it in.

MR. SHEPARD: You may do so. Any other statements or questions? If not, we will stand in recess for five minutes.

(Recess.)

STATE OF NEW MEXICO     )  
                              :   SS.  
COUNTY OF BERNALILLO   )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 300, before the Oil Conservation Commission at Santa Fe, taken on August 21, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 15<sup>th</sup> day of Sept., 1951.

Ada Dearnley  
REPORTER

TURNER, ATWOOD, WHITE, McLANE AND FRANCIS

ATTORNEYS AND COUNSELORS AT LAW

SUITE 1711 MERCANTILE BANK BUILDING

DALLAS 1, TEXAS

J. GLENN TURNER  
FELIX ATWOOD  
W. D. WHITE  
ALFRED E. McLANE  
EDWARD L. FRANCIS  
JAMES B. FRANCIS  
TREVOR REES-JONES  
HARRY S. WELCH  
THOS. R. HARTNETT III  
H. L. HITCHINS, JR.

September 25, 1951

#300

Mr. R. R. Spurrier, Secretary  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Case 300

Dear Mr. Spurrier:

Upon reviewing our file on Delhi Oil Corporation's application for approval of the communitization of certain extreme western quarter sections of Sections 6, 7, 18, 19, 30 and 31 of Township 30 North, Range 8 West, N.M.P.M., San Juan County, for the establishment of four drilling units designated as your Case 300, I cannot find where I sent to you a copy of Mr. Morrell's comments on the application as I agreed to do at the August 21st hearing and I presume that I have just overlooked the matter.

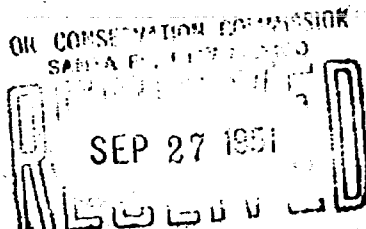
Enclosed is a copy of his letter to me showing that he is in accord with the application. You will notice that by Commission Order No. R-60, Case No. 258, the extreme western quarter sections in Township 29 North, Range 8 West, have already been covered by a similar order and our application was, therefore, withdrawn as to that township.

Please accept my apology for having been so dilatory in getting Mr. Morrell's letter to you.

With best regards.

Yours very truly,

TURNER, ATWOOD, WHITE,  
McLANE and FRANCIS



AEM:ed

enc

By

Alfred E. McLane





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
P. O. Box 997  
Roswell, New Mexico

August 6, 1951

Turner, Atwood, White, McLane and Francis  
Attorneys and Counselors at Law  
Suite 1711 Mercantile Bank Building  
Dallas 1, Texas

Attention: Mr. Alfred E. McLane

Gentlemen:

Reference is made to your letter of July 28, 1951 requesting my views regarding communitization of acreage contained in short quarter sections along the west side of Ts. 29 and 30 N., R. 8 W., N.M.P.M., San Juan County, New Mexico into communitized tracts comprising three legal quarter sections each, similar to the manner in which tracts along the west boundaries of Ts. 30 and 31 N., R. 9 W., were communitized and approved for proration purposes by the Oil Conservation Commission under Order R-35, Case No. 236. You listed the four drilling units suggested by you for each of the two townships.

For your information, drilling and producing units already have been designated for such tracts located on the west side of T. 29 N., R. 8 W. by Commission Order No. R-60, Case No. 258, copy herewith. The four units designated are identical with those described in your letter. Unlike the tracts designated by Order R-35, the four tracts designated by Order R-60 each comprise more than 320 acres. Order R-60 stated that each tract shall be given an allowable equal to that of a 320-acre tract in the event gas proration orders are later issued for said wells. Accordingly, tracts designated comprising three legal quarter sections each in the extreme west of T. 30 N., R. 8 W., which also comprise more than 320 acres each, probably will be given an allowable equal to that of a 320-acre tract.

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As the entire area is being developed on 320-acre spacing for Mesaverde production and each three consecutive legal quarter sections along the west boundary of T. 30 N., R. 8 W., approximate 320 acres due to irregularity of the sections, this office is of the opinion that designation of the four drilling units within said township as described in your letter will promote orderly development of the field. Consequently, no objection is offered to the approval of such drilling units for proration purposes by the Oil Conservation Commission. You may use all or so much of this letter as you desire in presenting the statements contained herein to the Commission.

FOSTER MORRELL  
Oil and Gas Supervisor  
Southwestern Region

cc: Mr. McLane ✓

TURNER, ATWOOD, WHITE, McLANE AND FRANCIS

ATTORNEYS AND COUNSELORS AT LAW

SUITE 1711 MERCANTILE BANK BUILDING

DALLAS 1, TEXAS

July 28, 1951

J. GLENN TURNER  
FELIX ATWOOD  
W. D. WHITE  
GILBERT P. HOWARD  
ALFRED E. McLANE  
EDWARD L. FRANCIS  
JAMES S. FRANCIS  
TREV. A. REES-JONES  
WM. V. COUNTS  
HARRY S. WELCH

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

RECEIVED  
JUL 30 1951

Case 300

*Graham - Recd Aug 21*

Mr. R. R. Spurrier  
Secretary  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

In accordance with our discussion in your office on July 24th, we should like to request in behalf of Delhi Oil Corporation that the Commission order a hearing on its own motion to consider the advisability of issuing an order pertaining to communitization of the extreme Western quarter sections of Sections 6, 7, 18, 19, 30 and 31 of Townships 29 and 30 North, Range 8 West, N.M.P.M., San Juan County, New Mexico, each of which quarter sections contains approximately 100 acres of land.

You will recall that Order R-35 in Case 236 of the Commission provided for communitization of three such short quarter sections to form each drilling unit in the case of lands in the same sections of Townships 30 and 31 North, Range 9 West.

We suggest that eight drilling units be provided for as follows:

1. West 1/2 Section 6 and Northwest 1/4 Sec. 7, Township 29 North, Range 8 West
2. Southwest 1/4 Section 7 and West 1/2 Sec. 18, Township 29 North, Range 8 West
3. West 1/2 Section 19 and Northwest 1/4 Sec. 30, Township 29 North, Range 8 West

Page #2  
Mr. R. R. Spurrier  
7/28/51

4. Southwest 1/4 Sec. 30 and West 1/2 Sec. 31,  
Township 29 North, Range 8 West

5. West 1/2 Sec. 6 and Northwest 1/4 Sec. 7,  
Township 30 North, Range 8 West

6. Southwest 1/4 Sec. 7 and West 1/2 Sec. 18,  
Township 30 North, Range 8 West

7. West 1/2 Sec. 19 and Northwest 1/4 Sec. 30,  
Township 30 North, Range 8 West

8. Southwest 1/4 Sec. 30 and West 1/2 Sec. 31,  
Township 30 North, Range 8 West

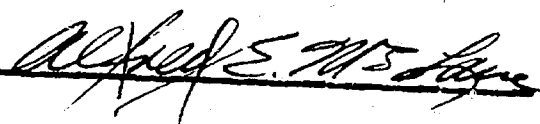
As the Commission is to hold a hearing on August 21st  
on other matters, it is suggested that such would be a con-  
venient date for the hearing on this matter also.

We have also written to Mr. Foster Morrell to obtain  
his ideas with regard to this matter.

Yours very truly,

TURNER, ATWOOD, WHITE,  
McLANE AND FRANCIS

By



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TURNER, ATWOOD, WHITE, McLANE AND FRANCIS

Case 300

DELHI OIL CORPORATION  
1315 PACIFIC AVENUE  
DALLAS 1, TEXAS

July 19, 1951

Mr. R. R. Spurrier, Secretary  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Re: Order No. R-35, Case 236

Dear Sir:

In the above captioned Order, paragraph A, the Commission recognized that "the extreme western quarter-sections of Sections 6, 7, 18, 19, 30 and 31 of Townships 30 and 31 North, Range 8 West, N.M.P.M., San Juan County, New Mexico are "narrow" quarter-sections comprising approximately 100 acres each."

In paragraph No. 1 the Commission designated drilling units for "narrow" quarter-sections for both Townships 30 and 31 North, Range 9 West, as per our application for permission to communitize short or narrow quarter-sections on a North-South basis.

Delhi desires to drill a Mesaverde well in the SW $\frac{1}{4}$  of Section 7, Township 30 North, Range 8 West.

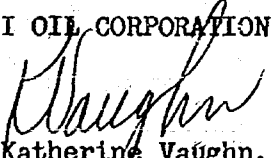
Will it be necessary for Delhi to make application to the Oil Conservation Commission for designation of drilling units and permission to communitize narrow quarter-sections in Township 30 North, Range 8 West, or does Order No. R-35 under paragraph A give us permission to form drilling units on the same basis as set out for Townships 30 and 31 North, Range 9 West?

We shall appreciate your advice in this matter.

Yours very truly,

DELHI OIL CORPORATION

By

  
Katherine Vaughn,  
Land Department

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 300  
ORDER NO. R-120

THE APPLICATION OF DELHI OIL CORPORATION  
FOR AN ORDER AUTHORIZING COMMUNITIZATION  
OF CERTAIN EXTREME WESTERN QUARTER SECTIONS  
OF SECTIONS 6, 7, 18, 19, 30, and 31 OF TOWNSHIPS  
29 AND 30 NORTH, RANGE 8 WEST, NMPM, SAN JUAN  
COUNTY, NEW MEXICO, FOR THE ESTABLISHMENT OF  
EIGHT DRILLING UNITS THEREIN.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 a. m. on August 21, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, this 8<sup>th</sup> day of January, 1952, the Commission, having considered the testimony adduced and exhibits received at said hearing,

FINDS: (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause, and the subject matter thereof.

(2) That Sections 6, 7, 18, 19, 30, and 31 of Townships 29 and 30 North, Range 8 West, NMPM, San Juan County, New Mexico, are less than normal size, each containing approximately 549 acres. In order to provide a uniform drilling pattern, special drilling units should be established in said sections as to all wells now drilling or hereafter drilled to the Mesaverde gas horizon.

(3) That the Commission, by its Orders R-35 and R-60, heretofore issued, approved communitization of portions of Sections within the area which is the subject matter of this case.

(4) That pooling of all lands within each drilling unit as to production of gas from the Mesaverde gas horizon will prevent waste, avoid unnecessary drilling, and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) The following lands shall constitute drilling units for production from the Mesaverde gas horizon:

- Unit No. 1: W/2 Sec. 6 and NW/4 Sec. 7, T. 30N, R. 8 W
- Unit No. 2: SW/4 Sec. 7 and W/2 Sec. 18, T. 30N, R. 8 W
- Unit No. 3: W/2 Sec. 19 and NW/4 Sec. 30, T. 30 N, R. 8 W
- Unit No. 4: SW/4 Sec. 30 and W/2 Sec. 31, T. 30N, R. 8 W

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Case No. 300  
Order No. R-120

(2) All lands within each of the above drilling units are hereby pooled as to production from the Mesaverde gas horizon. Only one well shall be drilled on each drilling unit.

(3) Wells shall be located not closer than 660 feet from the outer boundary of any drilling unit.

(4) Wells drilled in the east halves of said sections shall be located in the northeast quarter of said section and not closer than 660 feet to the outer boundaries of said quarter section.

(5) In the event gas proration orders are later issued for said wells, each, of Units 1, 2, 3 and 4, as defined above, shall be given an allowable equal to that of a 320-acre tract.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*

EDWIN L. MECHEM, Chairman

*Guy Shepard*  
GUY SHEPARD, Member

*R. R. Spurrer*  
R. R. SPURRIER, Secretary

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November 29, 1951

Delhi Oil Corporation  
1315 Pacific Avenue  
Dallas 1, Texas

Re: Delhi State No. 2 Well  
W<sup>1/2</sup> Sec. 16, T30N, R9W  
Communitization Agreement

Gentlemen:

Your letter dated November 20, 1951 directed to the Oil Conservation Commission regarding the above captioned agreement has been referred to this office for consideration and reply.

The Delhi Communitization Agreement dated April 2, 1951 covers lands in San Juan County as follows:

Township 30 North, Range 9 West  
Section 32: SW<sup>1/4</sup>, NW<sup>1/4</sup>

Township 30 North, Range 9 West  
Section 32: SE<sup>1/4</sup>, SW<sup>1/4</sup>

Township 30 North, Range 9 West  
Section 32: NE<sup>1/4</sup>, NW<sup>1/4</sup>

Township 30 North, Range 9 West  
Section 32: NE<sup>1/4</sup>, SW<sup>1/4</sup>, NW<sup>1/4</sup>

Township 30 North, Range 9 West  
Section 32: W<sup>1/2</sup>

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

NOV 30 1951

Section 16 is not listed in our files as being part of this agreement. The files of the Oil Conservation Commission also fail to disclose an agreement covering lands mentioned in your letter.

Very truly yours,

*Ray Shepard*  
Ray Shepard,  
Commissioner of Public Lands

cc: Oil Conservation Commission  
Santa Fe, New Mexico