

CASE 4648: Application of AZTEC  
OIL & GAS CO. FOR AN UNORTHODOX  
WELL LOCATION, SAN JUAN COUNTY.

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1-6-72  
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DO NOT  
DO NOT  
DO NOT

Case Number  
46 48

Application

Transcripts

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
January 19, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Aztec Oil  
& Gas Company for an  
unorthodox well location  
San Juan County,  
New Mexico

Case No. 4648

BEFORE:

Daniel S. Nutter, Alternate Examiner.

TRANSCRIPT OF HEARING

1 MR. HATCH: Case 4648: Application of Aztec Oil &  
2 Gas Company for an unorthodox well location, San Juan County,  
3 New Mexico.

4 MR. LOPEZ: Owen Lopez, with the law firm of  
5 Montgomery, Federici, Andrews, Hannahs & Morris, Santa Fe.

6 Associated with us for the purpose of this case is Mr.  
7 Joseph Starks, counsel out of Dallas for Aztec.

8 Mr. Examiner, the Applicant in Case 4648 will be, will  
9 have one witness only.

10 L. D. EATON  
11 a witness, having been first duly sworn according to law, upon  
12 his oath, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. STARKS

15 Q Mr. Eaton, will you state your name for the record, please?

16 A L. D. Eaton.

17 Q Where do you reside and by whom are you employed?

18 A In Dallas, and I am a petroleum engineer with Aztec Oil &  
19 Gas Company.

20 Q Mr. Eaton, have you previously testified before this  
21 Commission and have your qualifications been accepted as a  
22 matter of record as an engineer?

23 A I have.

24 MR. STARKS: Mr. Examiner, are there any questions as  
25 to general qualifications?

1 MR. NUTTER: No, Mr. Eaton is qualified.

2 MR. STARKS: Thank you, Mr. Examiner.

3 MR. NUTTER: Mr. Eaton, I believe you have two plats  
4 that we will make available to anyone interested.

5 What do those two plats purport to show, Mr. Eaton, start-  
6 ing first with your plat which shows the well identified in the  
7 yellow circle, which will be Applicant's Exhibit No. 1.

8 What does that plat purport to show?

9 A Exhibit No. 1 shows all of the Mesaverde wells that have  
10 been completed or are producing on this lease and all of  
11 the adjoining leases surrounding the lease in question.

12 Q What does the other plat, which will be identified as  
13 Applicant's Exhibit No. 2, purport to show?

14 A Exhibit No. 2 shows additional wells other than the  
15 Mesaverde wells.

16 Q All right. Now, Mr. Eaton, the proposed location is  
17 identified as the location 1-Y, and it is approximately  
18 due north of a symbol indicating that well has been  
19 plugged out, the 1-Y well. That is a replacement for the  
20 plugged out well?

21 A It is.

22 Q And what was the name of the plugged out well?

23 A The Vasaly-Federal Well No. 1-Y.

24 Q When was the old Vasaly No. 1 well plugged out?

25 A In December.

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1 Q Of 1971?

2 A 1971.

3 Q What were the circumstances surrounding the plugging out  
 4 of that well?

5 A This well was completed in 1952 and purchased by Aztec Oil  
 6 & Gas.

7 In 1971 production, water production became excessive,  
 8 so we attempted casing squeeze followed by extensive  
 9 repair of the Mesaverde Formation itself, and were unable  
 10 to restore the well to production, even after whipstocking  
 11 and redrilling the Mesaverde Formation.

12 Q How was that well originally completed, the Vasaly Well No.  
 13 1?

14 A As an open hole completion with short-hole completion.

15 Q Now, I notice that your Application is for a new location  
 16 approximately 1,800 feet away from the old location.

17 Why did you want to move that far away from the old  
 18 location?

19 A We anticipate a considerable amount of formation damage  
 20 from the original nitro shots, and two successive sand frac  
 21 treatments of the reservoir in the area of the abandoned  
 22 well, and feel that there is sufficient formation damage  
 23 to warrant our moving further out.

24 Q Do you feel that that formation damage alone would be  
 25 localized around the well bore of the well that was plugged?

1 A Yes.

2 Q When you had a water influx onto the old Vasaly Well No. 1  
3 prior to plugging it out, did the circumstances of this  
4 water influx indicate to you that the reservoir was being  
5 depleted in this area or that it was a result of a  
6 mechanical problem?

7 A It was definitely a result of a mechanical problem, based  
8 on the amount of production, that is, the amount of gas  
9 that had been produced from the well in comparison to the  
10 surrounding wells.

11 Q Now, Mr. Eaton, the application is for an unorthodox off-  
12 pattern location in the northwest quarter of Section 31 of  
13 Township 32 North, Range 11 East, whereas an orthodox  
14 location under Order R-1670 would put the well in the  
15 southwest quarter. Why are you requesting the location of  
16 it in the northwest quarter of Section 31?

17 A Because this well and other wells on adjoining leases are  
18 effectively off-pattern as a result of having been drilled  
19 prior to basing rules in the particular area.

20 Q In other words, is it your statement that location as  
21 applied for is consistent with the spacing pattern in this  
22 particular area?

23 A It is.

24 Q Is the spacing pattern consistent with zones with the wells  
25 on the offset lease?



1 A In most cases.

2 Q The one exception being with respect to the lease to the  
3 west; is that not correct?

4 A Correct.

5 Q On the northeast and south of the location, as applied for,  
6 would be consistent, as evidenced by your Exhibit No. 1; is  
7 that not correct?

8 A Yes.

9 Q Were these plats prepared by you or under your supervision,  
10 Mr. Eaton?

11 A Yes.

12 Q By way of one correction, I believe that the application of  
13 --, Mr. Examiner, was for location 1,795 feet east of the  
14 west line.

15 It has been determined that this is an irregular  
16 section, and if we could request a minor change to make  
17 that 1,775 feet, which would bring the location more nearly  
18 to the center of the quarter section, but on platting on  
19 the irregular section, that would bring it to twenty feet  
20 closer to the west line.

21 MR. NUTTER: The application was for a well 17--

22 MR. STARKS: 1,795 feet east of the west line of the  
23 section.

24 MR. NUTTER: Was that changed?

25 MR. STARKS: We would like to change it to 1,775 feet.

1 There is an error there of twenty feet, or a correction of  
2 twenty feet.

3 THE WITNESS: Yes.

4 MR. STARKS: If no one has any objection to that, Mr.  
5 Examiner?

6 DIRECT EXAMINATION  
(CONTINUED)

7 Q (By Mr. Starks) Now, continuing, Mr. Eaton, in your opinion  
8 would this location either as requested or at an orthodox  
9 location, would it create any reservoir waste if a well  
10 were drilled in either location?

11 A It would not.

12 Q Then, is it your testimony that there is no issue of waste  
13 in this proceeding?

14 A It is.

15 Q Now, in your opinion would the correlative rights of any  
16 of the off-set operators be impaired by the drilling of  
17 the well at the proposed location?

18 A It would not be.

19 MR. STARKS: Mr. Examiner, we are offering the two  
20 plats as Applicant's Exhibits into evidence, and have nothing  
21 further of this witness.

22 MR. NUTTER: Aztec Exhibit 1 and Exhibit 2 will be  
23 admitted in evidence.

24 As I understand it, Mr. Starks, the amendment to the  
25

1 application to correct the location is from 1,795 feet from the  
2 west line to 1,775 feet from the west line, actually most of  
3 the well is closer to the center of that forty acre tract; is  
4 this correct?

5 MR. STARKS: No, sir. Closer to the center of the--

6 MR. NUTTER: Of the proration unit?

7 MR. STARKS: Of the proration unit, yes, sir. Not  
8 closer to the center of the forty acre tract. It would also be  
9 closer to the center of the forty acre tract, I believe.

10 (Whereupon a brief off-the-record discussion was held.)

11 MR. STARKS: Which will make it more consistent with  
12 the spacing patterns.

13 Actually, if the locations were in the northwest quarter,  
14 this would bring it more near the center.

15 MR. NUTTER: I see.

16 The Application will be amended then.

17 How about the 822 feet?

18 MR. STARKS: That will have to be--that is the  
19 approximation of how far the new location will be from the  
20 previous location.

21 MR. NUTTER: That would be essentially unchanged?

22 MR. STARKS: Essentially a very minor change.

23 MR. NUTTER: The Application will be amended.

24 MR. PORTER: This new location would place the well  
25 further from the property lines of the other people?

1 THE WITNESS: Yes.

2 MR. NUTTER: Does anyone have any questions of Mr.  
3 Eaton? Do you have anything further, Mr. Starks?

4 MR. STARKS: Nothing.

5 MR. NUTTER: Does anyone have anything they wish to  
6 offer?

7 The Commission has received a letter from El Paso Natural  
8 Gas Company, waiving their right to protest the unorthodox  
9 location.

10 If there is nothing further in Case 4648, we will take that  
11 case under advisement and go to Case 4625.

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STATE OF NEW MEXICO )  
 ) ss.  
COUNTY OF BERNALILLO)

I, RICHARD STURGES, a Certified Shorthand Reporter, in and  
for the County of Bernalillo, State of New Mexico, do hereby  
certify that the foregoing and attached Transcript of Hearing  
before the New Mexico Oil Conservation Commission was reported  
by me; and that the same is a true and correct record of the  
said proceedings to the best of my knowledge, skill and ability

  
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is  
a complete record of the proceedings on  
a Bernalillo hearing at Case No. 4648  
heard by me on 1/19/72  
\_\_\_\_\_  
New Mexico Oil Conservation Commission

dearnley-meier reporting services

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PAGE

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I N D E X

WITNESS

PAGE

L. D. EATON

Direct Examination by Mr. Starks

3

E X H I B I T S

APPLICANT'S

OFFERED AND  
ADMITTED

Exhibits 1 and 2

4 and 8



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

January 27, 1972

GOVERNOR  
BRUCE KING  
CHAIRMAN

LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Owen Lopez  
Montgomery, Federici, Andrews,  
Hannahs & Morris  
Attorneys at Law  
Post Office Box 2307  
Santa Fe, New Mexico

Re: Case No. 4648  
Order No. R-4247  
Applicant:  
Aztec Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x  
Artesia OCC \_\_\_\_\_  
Aztec OCC x

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 4648  
Order No. R-4247

APPLICATION OF AZTEC OIL & GAS  
COMPANY FOR AN UNORTHODOX WELL  
LOCATION, SAN JUAN COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of January, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

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 the applicant, Aztec Oil & Gas Company, seeks an exception to Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, to drill and complete its Vasaly Federal Well No. 1-Y at an unorthodox location 790 feet from the North line and 1775 feet from the West line of Section 31, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, to be dedicated to a standard unit comprising the W/2 of said Section 31.

(3) That said well is to be drilled and completed as a replacement well for its Vasaly Federal Well No. 1 which was completed at an unorthodox off-pattern location 1600 feet from the North line and 1650 feet from the West line of said Section 31.



-2-

CASE NO. 4648  
Order No. R-4247

(4) That due to mechanical problems said Well No. 1 is no longer capable of producing gas from the Blanco-Mesaverde Pool.

(5) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Blanco-Mesaverde Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Aztec Oil & Gas Company, is hereby granted an exception to the well location requirements of Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, and is hereby authorized to drill and complete its Vasaly Federal Well No. 1-Y at an unorthodox location 790 feet from the North line and 1775 feet from the West line of Section 31, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, to be dedicated to a standard unit comprising the W/2 of said Section 31.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armiijo*  
ALEX J. ARMIJO, Member

*A. L. Porter, Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L  
dr/

*El Paso Natural Gas Company*

*El Paso, Texas 79999*

RECEIVED

JAN 19 1972

January 14, 1972

OIL CONSERVATION COMM.  
NEW MEX.

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter  
Secretary-Director

Re: Application of Aztec Oil & Gas  
Company for an Exception to  
Rule A-2 of Order R-1670 as  
amended by Orders R-1670-A and  
R-2307 for approval of an Unor-  
thodox Drilling Location in the  
Blanco Mesaverde Gas Pool

Gentlemen:

El Paso Natural Gas Company, as offset Operator to Aztec Oil & Gas Company's proposed Vasaly-Federal No. 1-Y Well to be located in the NW/4 of Section 31, Township 32 North, Range 11 West, N.M.P.M., San Juan County, New Mexico, hereby waives its right to protest the proposed unorthodox well location for the said Vasaly-Federal No. 1-Y Well.

EL PASO NATURAL GAS COMPANY

BY:

*T. W. Bittick*  
T. W. Bittick  
Director

Lands and Administration  
Energy Resource Development

TWB:CTR:1j

cc: Aztec Oil & Gas Company  
2000 First National Bank Building  
Dallas, Texas 75202  
Attention: Mr. Joe E. Starks

Docket No. 2-72

DOCKET; EXAMINER HEARING - WEDNESDAY - JANUARY 19, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1972, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for February, 1972.

CASE 4645: Application of Acoma Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Drinkard Pool and Wantz-Abo Pool in the well-bore of its S. J. Sarkeys A Well No. 1, a triple completion, located in Unit A of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4648: Application of Aztec Oil & Gas Company for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the off-pattern unorthodox location for its Vasaly Federal Well No. 1-Y to be located 790 feet from the North line and 1795 feet from the West line of Section 31, Township 32 North, Range 11 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 4625: (Continued from the December 15, 1971, Examiner Hearing) Application of Texaco Inc. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Paduca-Morrow and Paduca-Wolfcamp Gas Pools in the well-bore of its Cotton Draw Unit Well No. 65 located in Unit G of Section 2, Township 25 South, Range 31 East, Eddy County, New Mexico.

CASE 4642: (Continued from the January 5, 1972, Examiner Hearing) Application of Fluid Power Pump Company for special pool rules and a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Media-Entrada Pool, including a provision for 160-acre spacing and pro-rata units. Applicant further seeks authority to

(Case 4642 continued)

institute a pressure maintenance project in said pool by the injection of water into the Entrad formation through various wells located in Sections 10, 11, 22, and 23 of Township 19 North, Range 3, West, Sandoval County, New Mexico, and the promulgation of rules for said project including a procedure whereby additional injection or production wells at orthodox or unorthodox locations may be approved administratively.

CASE 4646: Application of Manning Gas and Oil Company for down-hole commingling and a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from undesignated Gallup and Dakota oil pools in the well-bore of its Apache Well No. 100 to be drilled 435 feet from the North line and 475 feet from the East line of Section 3, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. Applicant further seeks a procedure whereby similar approval may be granted administratively for other wells to be drilled in the area of the above-described well. Applicant further seeks approval for a non-standard 32-acre proration unit comprising all of Lot 1 to be dedicated to the above-described Well No. 100.

CASE 4647: Application of Apache Corporation for the creation of a new pool and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mesaverde formation for its Jicarilla Apache Well No. 1-7 located in the SE/4 NE/4 of Section 7, Township 22 North, Range 5 West, Sandoval County, New Mexico. Applicant further seeks the promulgation of special rules for said pool including provisions for 80-acre spacing units with wells to be drilled in the north-west or southeast quarter-quarter sections.

CASE 4650: Application of Walter W. Krug dba Wallen Production Company for an exception to Order No. R-111-A and for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A for his Wallen Federal Well No. 2 located 990 feet from the North line and 1650 feet from the West line of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico. Applicant proposes to drill and complete said well in such a manner that upon completion, the well would be equipped with a 7-inch production casing to the top of the pay and a 4 1/2-inch liner through the pay, with cement to the surface. Applicant further seeks the promulgation of special pool rules for similar casing and cementing, of all wells drilled in the above-described pool.

CASE 4649: Application of the Oil Conservation Commission on its own motion for the amendment of the gas well testing procedures promulgated by Order No. R-333-F for Northwest New Mexico. The Commission proposes to amend Chapter I of said Order No. R-333-F in such a manner as to provide that most annual deliverability and shut-in pressure tests required by said order be filed within 60 days following the completion of the test and to provide for notice to the Commission of any re-scheduling of shut-in pressure tests. The Commission further proposes to amend the ninth paragraph of Chapter II, Section 2 of said order to permit shutting in gas wells for the required shut-in test other than immediately following the 7-day deliverability flow test and to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required.

CASE 4637: (Continued from the December 15, 1971, Examiner Hearing)  
In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Luttrell Oil Company and all other interested persons to appear and show cause why the following-described wells in New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Luttrell Oil Company State Well No. 1 -  
Unit M, Section 28, Township 2 South,  
Range 26 East, De Baca County;

Luttrell Oil Company Corn Well No. 1 -  
Unit A, Section 5, Township 8 South,  
Range 24 East, Chaves County.

CASE 4651: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Roosevelt County, New Mexico, classified as a gas pool for San Andres production and designated as the Baker-San Andres Gas Pool. The discovery well is the Cactus Drilling Corporation of Texas Kewanee State No. 2 located in Unit G of Section 9, Township 7 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM  
SECTION 9: NE/4

(Case 4651 continued)

(b) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM  
SECTION 15: All

(c) Extend the Littman-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM  
SECTION 20: SE/4

(d) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM  
SECTION 27: SW/4

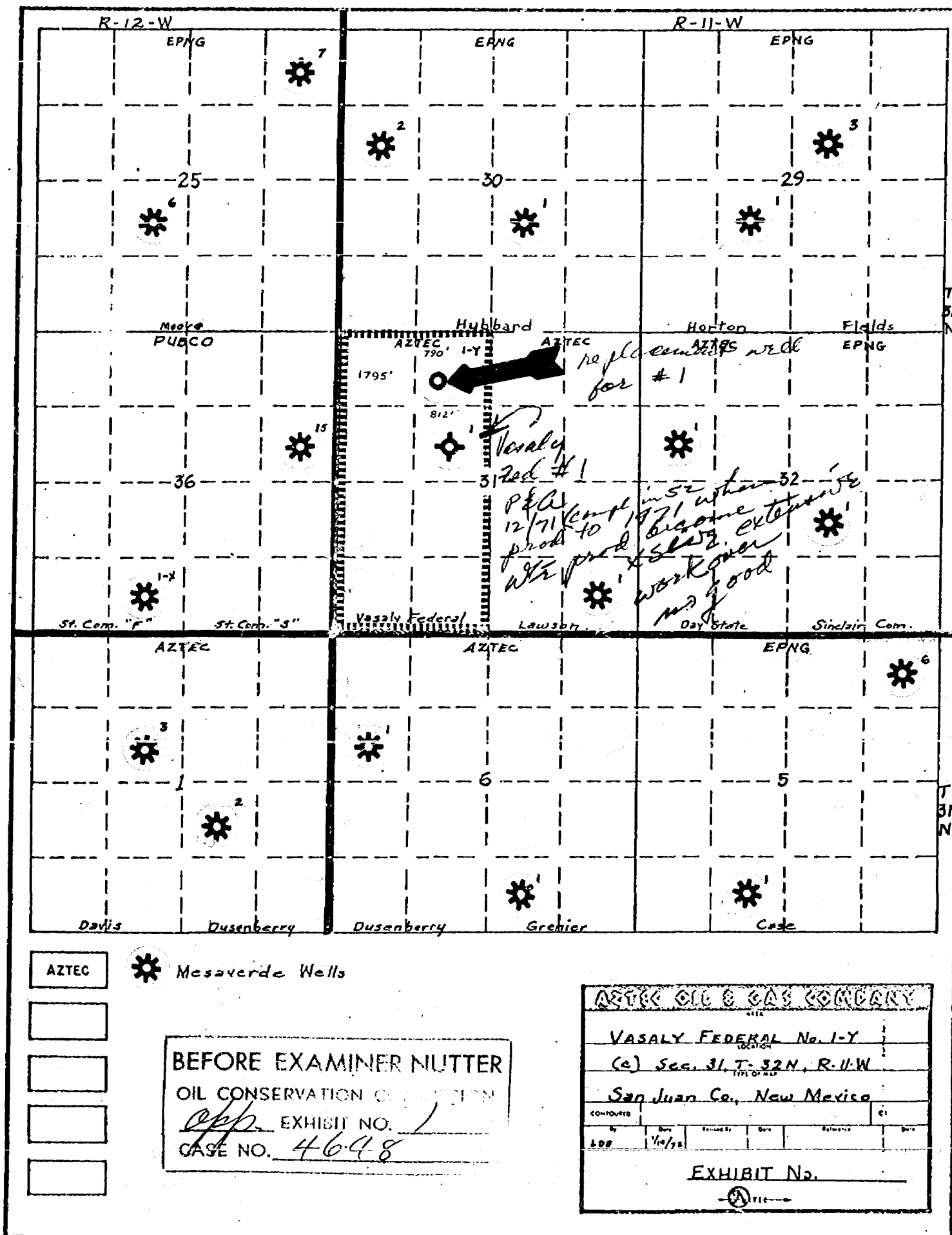
(e) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

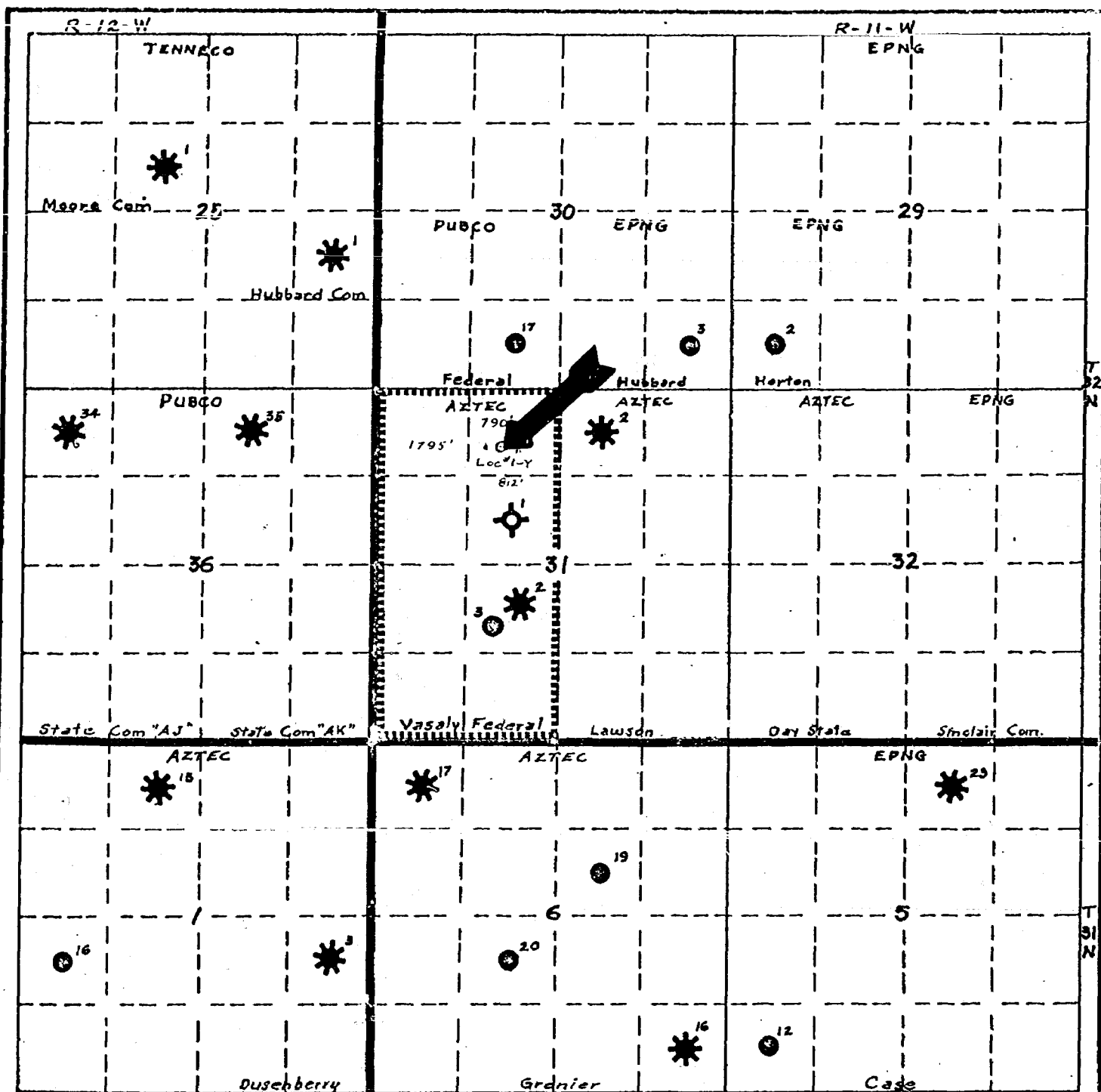
TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
SECTION 18: W/2

(f) Extend the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, to include therein:

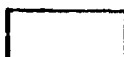
TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM  
SECTION 36: NW/4

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM  
SECTION 17: NW/4  
SECTION 18: N/2

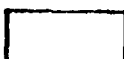




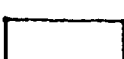
AZTEC



DAKOTA WELL



PICTURED CLIFFS WELL



BEFORE EXAMINER MUTTER  
OIL CONSERVATION  
app. EXHIBIT NO. 2  
CASE NO. 4648

AZTEC OIL & GAS COMPANY					
Vasaly Federal No. I-Y					
(c) Sec. 31, T-32-N, R-11-W					
San Juan Co., New Mexico					
CONVEYED	By	On	Witnessed By	On	Reference
LOC	1/4 Sec				
EXHIBIT No.					
-A- T-11 ->					



# AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING  
DALLAS, TEXAS 75202

*Case 4648*

LAND DEPARTMENT

January 3, 1972

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

RECEIVED

JAN - 6 1972

OIL CONSERVATION COMM.  
SANTA FE

Mr. A. L. Porter  
Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico 87501

*Ans*

Re: Application of Aztec Oil & Gas Company for an  
Exception to Rule A-2 of Order R-1670 as amended  
by Orders R-1670-A and R-2307 for approval of an  
unorthodox Drilling Location in the Blanco Mesa-  
verde Gas Pool

Dear Sir:

Please refer to our application dated December 28, 1971 for approval of  
an unorthodox drilling location for our proposed Vasaly-Federal No. 1-Y well  
to be located in the NW $\frac{1}{4}$  of Section 31, T-32-N, R-11-W, San Juan Co., New Mexico.

This is to advise that paragraph 3 of such application is in error with  
respect to the ownership of the working interest in the unit for the proposed  
well. The correct ownership of working interest in the proposed unit is as  
follows:

<u>Owner</u>	<u>% of Leasehold Interest</u>
V. F. Neuhaus	27.85329
Cecil L. Lanier	3.09482
Lee W. Kilgore	3.09482
Pubco Petroleum Corporation	25.04895
Aztec Oil & Gas Company	40.90812

Yours truly,

*Joe E. Stark*

JES:bb  
cc: (See Attached Sheet)

cc: Mr. Joe Salmon  
Mr. Prentice R. Watts

Pubco Petroleum Corporation  
P. O. Box 869  
Albuquerque, New Mexico 87103

El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas 79978

Mr. Cecil L. Lanier  
P. O. Box 578  
McAllen, Texas 78591

Mr. V. F. Neuhaus  
First State Bank Building  
Mission, Texas 78572

Mr. Lee W. Kilgore  
410 East Hopi Street  
Farmington, New Mexico 87401

# AZTEC OIL & GAS COMPANY

2000 FIRST NATIONAL BANK BUILDING  
DALLAS, TEXAS 75202

December 28, 1971

RECEIVED

DEC 30 1971

OIL CONSERVATION COMM.  
SANTA FE

LAND DEPARTMENT

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. A. L. Porter, Secretary-Director  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

*AM*

*Case 4648*

Re: Application of Aztec Oil & Gas Company for an  
Exception to Rule A-2 of Order R-1670 as amended  
by Orders R-1670-A and R-2307 for approval of an  
Unorthodox Drilling Location in the Blanco Mesaverde  
Gas Pool

Dear Sir:

Aztec Oil & Gas Company hereby submits in triplicate its application for an exception to the well location requirements set forth in Rule A-2 of Order R-1670, as amended by Order R-1670-A and R-2307, and requests approval of an unorthodox drilling location for its Vasaly-Federal No. 1-Y well in the NE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 31, Township 32 North, Range 11 West, San Juan County, New Mexico.

In support of this application, applicant respectfully submits the following:

1. The proposed Vasaly-Federal No. 1-Y well is a replacement for the Vasaly-Federal No. 1 well which was completed on May 31, 1952 at a location 1,600' South of the North boundary line and 1,650' East of the West boundary line of the said Section 31. The proposed location is 790' South of the North boundary line and 1,795' East of the West boundary line of Section 31, therefore being approximately 822' from the original location of the Vasaly-Federal No. 1 well. The reason for the request to move more than the customary 200' from the original permitted location for a replacement well is that the old well bore was subjected to an unsuccessful rework attempt in October of this year and, subsequent to such unsuccessful attempt, a window was cut in the old casing and a whipstocked hole was drilled in a further effort to recomplete this original well. The sidetracked hole was never successfully completed although same was drilled to a new total depth of 5,675' and fraced. It is therefore deemed prudent to move more than 200' away from the location of possible localized formation damage around the old well-bore.
2. The proposed well will be located on the previously created Mesaverde unit of 306.4 acres which consists of all of the W $\frac{1}{2}$  of the said Section 31. It should be noted that an orthodox location for this unit could be located in the SW $\frac{1}{4}$  of

*1775' from west line*

EXCISED INDEXED

Date 1-6-72

the section; however, the early development of this portion of the Blanco Mesa-verde pool resulted in the creation of an off-pattern trend which is reflected in the locations of wells heretofore drilled in three of the four tracts offsetting this section. It is therefore submitted that the location as requested would be in compliance with the spacing pattern previously established for this portion of the field.

3. Applicant is the owner of an approximate 75% interest in the proposed well and the owner of the remaining interest is Pubco Petroleum Corporation. Applicant herein is the owner and operator of offset leases to the East and South and Pubco Petroleum Corporation is the owner of the offset lease to the West of the proposed location. The owner of the offset lease to the North is El Paso Natural Gas Company and it should be noted that their offsetting lease is developed on a spacing pattern which is consistent with that herein proposed.

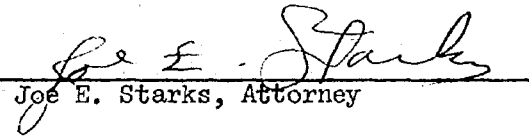
4. Enclosed herewith as Applicant's Exhibit "A" is a plat showing the proposed location together with the location of existing wells on all offsetting leases. A copy of this plat, together with a copy of this application, is being forwarded to all offset operators.

Applicant respectfully requests that notice of this application be given according to law and that a hearing be held by the Oil Conservation Commission and their order be entered granting Applicant an exception to Rule A-2 of Order R-1670, as amended, authorizing the drilling of the Vasaly-Federal No. 1-Y well at the location as hereinabove set forth.

Respectfully submitted,

AZTEC OIL & GAS COMPANY

By

  
Joe E. Starks, Attorney

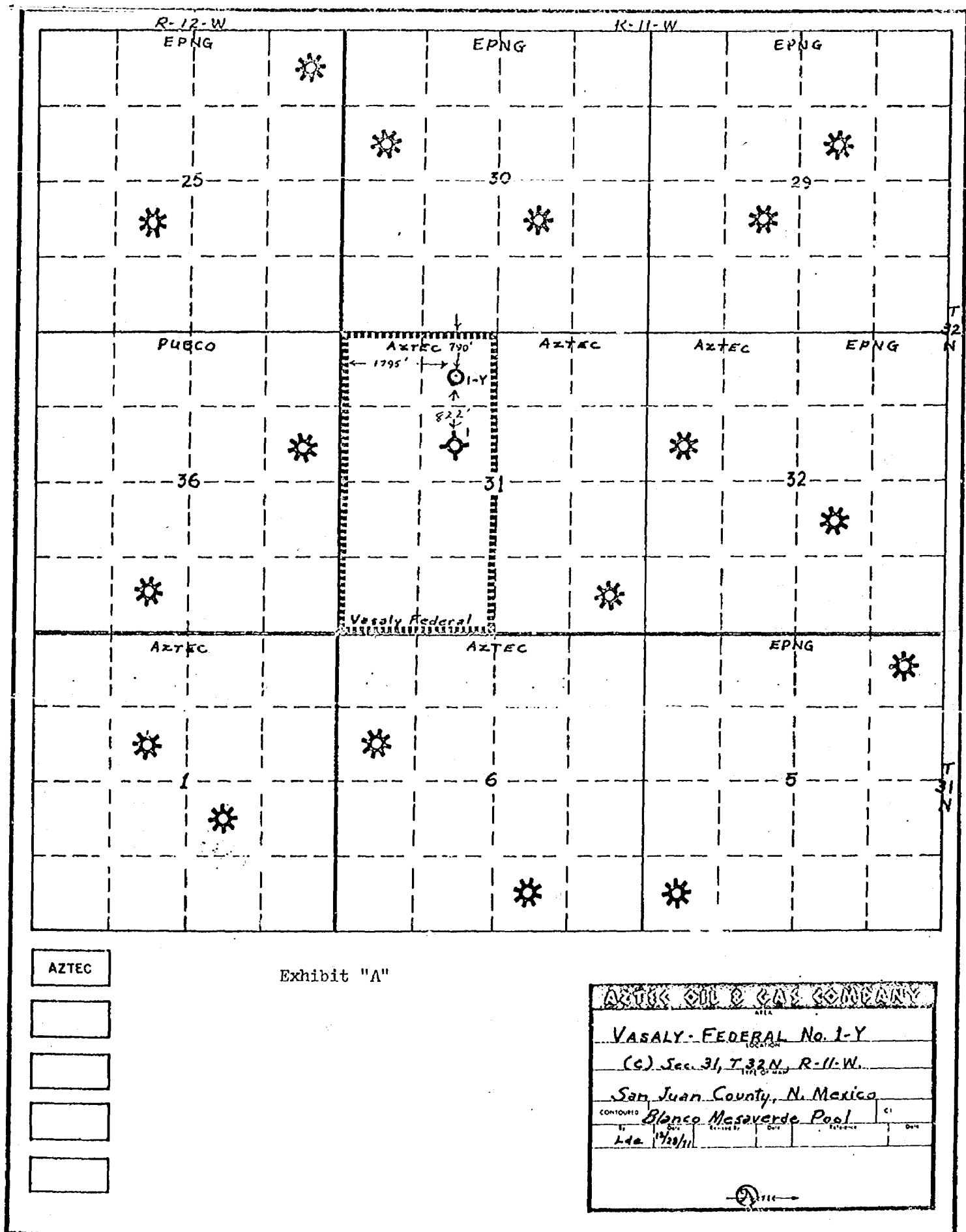
JES:bb

Enc.

cc: Messrs. Joe Salmon (w/enc.)  
P. R. Watts(w/enc.)

Pubco Petroleum Corporation  
P. O. Box 869  
Albuquerque, New Mexico 87103 (w/enc.)

El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas 79978 (w/enc.)



DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

APPLICATION OF AZTEC OIL & GAS  
COMPANY FOR AN UNORTHODOX WELL  
LOCATION, SAN JUAN COUNTY,  
NEW MEXICO.

*Handwritten: JSM*  
CASE No. 4648

Order No. R- 4247

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of January, 1972, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

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 the applicant, Aztec Oil & Gas Company, seeks an  
exception to Rule 2 of the Special Rules and Regulations governing  
the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670,  
as amended, to <sup>*dill and*</sup> complete its Vasaly Federal Well No. 1-Y at an  
unorthodox location 790 feet from the North line and <sup>*1775*</sup> ~~1795~~ feet  
from the West line of Section 31, Township 32 North, Range 11  
West, NMPM, San Juan County, New Mexico, to be dedicated to a  
standard unit comprising the W/2 of said Section 31.

(3) That said well is to be drilled and completed as a replacement well for its Vasaly Federal Well No. 1 which was completed at an unorthodox off-pattern location 1600 feet from the north line and 1650 feet from the west line of said Section 31.

~~That said well No. 1~~

(under) (4) That due to mechanical problems said Well No. 1 is no longer <sup>capable of producing</sup> gas from the Blanco-Mesaverde Pool.

~~the economic loss caused by the drilling of unnecessary wells,~~

avoid the augmentation of risk arising from the drilling of an excessive number of wells, and otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Aztec Oil & Gas Company, is hereby granted an exception to the well location requirements of Rule 2 of the Special Rules and Regulations governing the Blanco-Mesaverde Gas Pool as promulgated by Order No. R-1670, as amended, and is hereby authorized to <sup>drill and</sup> complete its Vasaly Federal Well No. 1-Y at an unorthodox location 790 feet from the North line and <sup>1725</sup> ~~1795~~ feet from the West line of Section 31, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico, to be dedicated to a standard unit comprising the W/2 of said Section 31.

-3-

CASE NO. 4648  
Order No. R-

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



Aztec Oil & Gas Co.

Vasaly Fed No 1-Y

Sec 31 32N R 11W

W/2

replacement well

loc.

NE NW

1795'

~~E of~~ W Line

790'

~~S of~~ N Line

Blanco MV

by phone!

Joe

Aztec

Dallas

CASE 4649: MOTION OF OCC FOR THE  
AMENDMENT OF GAS WELL TESTING  
PROCEDURES PROMULGATED BY R-333-F.