

CASE 1895: Application of NORTHWEST  
PRODUCTION CORP. FOR NON-STANDARD  
UNIT - Rio Arriba County, N. Mex.

1895  
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9/24 - some  
copies of books to  
see not possible  
listed on application

Case No.

1895

Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation  
forannon-standard gas unit.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

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SANTA FE, NEW MEXICO

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IN THE MATTER OF:

CASE 1895: Application of Northwest Production Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas unit in an undesignated Pictured Cliffs pool consisting of the N/2 SE/4, NE/4 SW/4, and SE/4 NW/4 of Section 21, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unit is to be dedicated to a well to be drilled in either the NE/4 SE/4 of the NW/4 SE/4 of said Section 21.

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BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The next case will be Case No. 1895.

MR. PAYNE: Case 1895. Application of Northwest Production Corporation for a non-standard gas unit.

MR. COLBERG: My name is Malcolm Colberg, I represent Northwest Production Corporation in this hearing.

We have some exhibits and one witness to testify.

(Witness sworn.)

RAYMOND NORDHAUSEN

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

~~DIRECT EXAMINATION~~

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BY MR. COLBERG:

Q Will you state your name, please?

A Raymond Nordhausen.

Q By whom and in what capacity are you employed, Mr. Nordhausen?

A Northwest Production Corporation, Albuquerque, New Mexico, manager of the Land Department.

Q Have you testified before the Commission before?

A Yes.

MR. COLBERG: Will the Commission accept Mr. Nordhausen's qualifications?

MR. NUTTER: Yes, sir.

Q (By Mr. Colberg) Do you know the contents of the application filed in this case?

A Yes, sir.

Q Do you know the reason for making the application?

A Yes.

Q Would you state them, please?

A Looking at this plat, the lease covering the SE/4, NW/4 will expire on April 1st, 1960 unless production is established on the tract or acreage pooled therewith, and the lease covering the NE/4, SW/4 will expire on April 1st, 1960 unless production is obtained on that lease or in acreage therewith before April 1st, 1960.

The normal spacing would require us to drill a Pictured



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Cliffs well, to drill one well in the NW/4 and one well in the SW/4 to perpetuate these two leases. The balance of the acreage in the W/2 of Section 21 is unleased and we've been unable to obtain a lease on terms satisfactory to us or to join the owners into a drilling unit and to drill a well. Therefore, we do have the lease covering the N/2 SE of the section and we propose to form a Pictured-Cliffs unit as shown on this plat and drill a Pictured-Cliffs well on what would be the normal well location for a well in the SE/4 of the section.

Q Mr. Nordhausen, did you prepare this plat or was it prepared under your supervision?

A Yes.

MR. COLBERG: The Applicant offers this plat in evidence.

MR. NUTTER: Northwest's Exhibit No. 1 will be entered in evidence.

Q (By Mr. Colberg) Mr. Nordhausen, in your opinion, would the granting of this application prevent waste?

A Yes.

MR. COLBERG: At this time we would like to ask that when this application is granted, or the order is issued, that it be a conditional order if a well is not drilled to discovery by April, 1960, April 1, 1960.

I believe that concludes our testimony.

MR. NUTTER: Does anyone have any questions of Mr.



Nordhausen?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Nordhausen, who has the royalty in the N/2 of the SE/4?

A N/2 of the SE/4. C. C. Evans, and O. C. Evans.

Q Now, have you executed a ~~communitization~~ agreement for this 160 acres that you propose which the Federal Government and the Evans have approved?

A Our lease from the Evans authorizes the pooling of that into tracts up to 640 acres, and I discussed this unit with John Anderson, Supervisor, USGS, and he has advised me that it will be approved.

Q The Federal lease contains no pooling clause?

A No, it doesn't.

Q But he has indicated it will be recognized?

A Yes.

Q What could be dedicated to other Pictured Cliffs wells in this section should they be drilled?

A Well, of course, the NE/4 is not broken up, wouldn't be broken up by the granting of this order, and the NE/4 could be dedicated to a well, and then for a well in the NW/4 of the section, the acreage that could be dedicated to it would be the NE/4, NW/4,

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W/2, NW/4, NW/4 SW/4, and the unit for a well to be drilled in the SW/4 of the section could be the S/2 of the S/2. That would be the logical way for the unit to be formed.

MR. NUTTER: Mr. Nordhausen, in that event it would require communitization for the S/2 of the S/2 of the section, would it not?

A That is correct.

MR. NUTTER: I it Northwest Production's intent to communitize in the event that such acreage would be drilled and dedicated to a well?

A We would communitize with the owner of the S/2 or SW/4, either unit, comprising the S/2, S/2, if it were authorized on reasonable terms.

Q (By Mr. Payne) The S/2 of the SE/4 is the O. C. and C. C. Evans lease in which Northwest has a working interest?

A That is correct.

Q And that does contain a pooling clause?

A It does.

Q So if you saw fit to pool this, with the S/2 of the SW/4, you wouldn't have to have the royalty owners permission?

A No, the only thing we would have to have would be an agreement with the mineral owners under the S/2, SW.

MR. NUTTER: And you would be agreeable to entering into a reasonable agreement for the S/2 S/2?

A Yes, we would.

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Q (By Mr. Payne) Now, this is a proposed wildcat, is it not?

A Yes, it is. It is outside of a field.

Q What is the closest designated pool in the Pictured-Cliffs?

A Well, I don't know the name of the field, but the closest wells are wells in the SW/4 of Section 20, and a well in the SW/4 of Section 29. It would be in 29, and it has just been completed.

Q Now, have you decided yet which of these two locations you propose to drill?

A Well, we haven't been out on the ground there, and that's pretty rugged country there, and we will choose the best. The levellest one, it doesn't make any difference geologically.

Q Both locations are orthodox for a well in the SE/4?

A Yes.

Q For far is it from the proposed, two proposed locations to the southern boundary of the unit? The proposed unit?

A Let's see, 330 feet.

Q So actually you would have to have a non-standard location also?

A Yes.

Q Since the rules require that they be located --

A Yes, sir, non-standard location. In fact, in a unit like this, it would be impossible to get a standard location.

MR. NUTTER: How would you propose, Mr. Nordhausen, that



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the Commission describe the location of this non-standard location?

A The location in the SE? Let's see, it should be in the NE as I described it in the application, which is: The location shall be in the NE/4 SE/4 of the NW/4 SE/2, Section 21, which would be a location for a wildcat well on the E/4 of said Section 21 under state-wide spacing.

Q (By Mr. Payne) Your proposed location on the right-hand side of your exhibit, how far is that from the East line the section?

A You mean in the NE/4 SE/4?

Q Yes.

A That would be 790 to 990. From 790 to 990 from the East line.

Q Your cross hatched square is a two hundred foot square?

A Yes.

Q Are your proposed drilling locations in the cross hatched area?

A Yes.

MR. PAYNE: That's all.

MR. NUTTER: Any further questions of Mr. Nordhausen?  
He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further in Case No. 1895?



MR. COLBERG: No, other than that amendment that I mentioned about the well being commenced by April 30.

MR. NUTTER: We will give that request due consideration, Mr. Colberg.

MR. COLBERG: Thank you.

MR. NUTTER: Does anyone have anything further in Case 1895? We will take the case under advisement and continue on to the next case.

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STATE OF NEW MEXICO     )  
                                       )  
 COUNTY OF BERNALILLO    )

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 22<sup>nd</sup> day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo  
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1895 heard by me on 2-10, 1960.

[Signature], Examiner  
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

March 25, 1960

C  
O  
P  
Y

Mr. Malcolm G. Colberg  
Northwest Production Corporation  
520 Simms Building  
Albuquerque, New Mexico

Dear Sir:

Enclosed herewith are two copies of Order No. R-1639  
in Case 1895 issued by this Commission on March 24,  
1960. This case was heard before an examiner on  
February 10, 1960.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosures: (2)

*Copies to  
Hobbs  
Aztec*

Plat of Section 21, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, showing ownership of Pictured Cliffs Rights and Proposed Pictured Cliffs Drilling Unit.

Common Ownership of Pictured Cliffs Rights

Proposed Drilling Unit

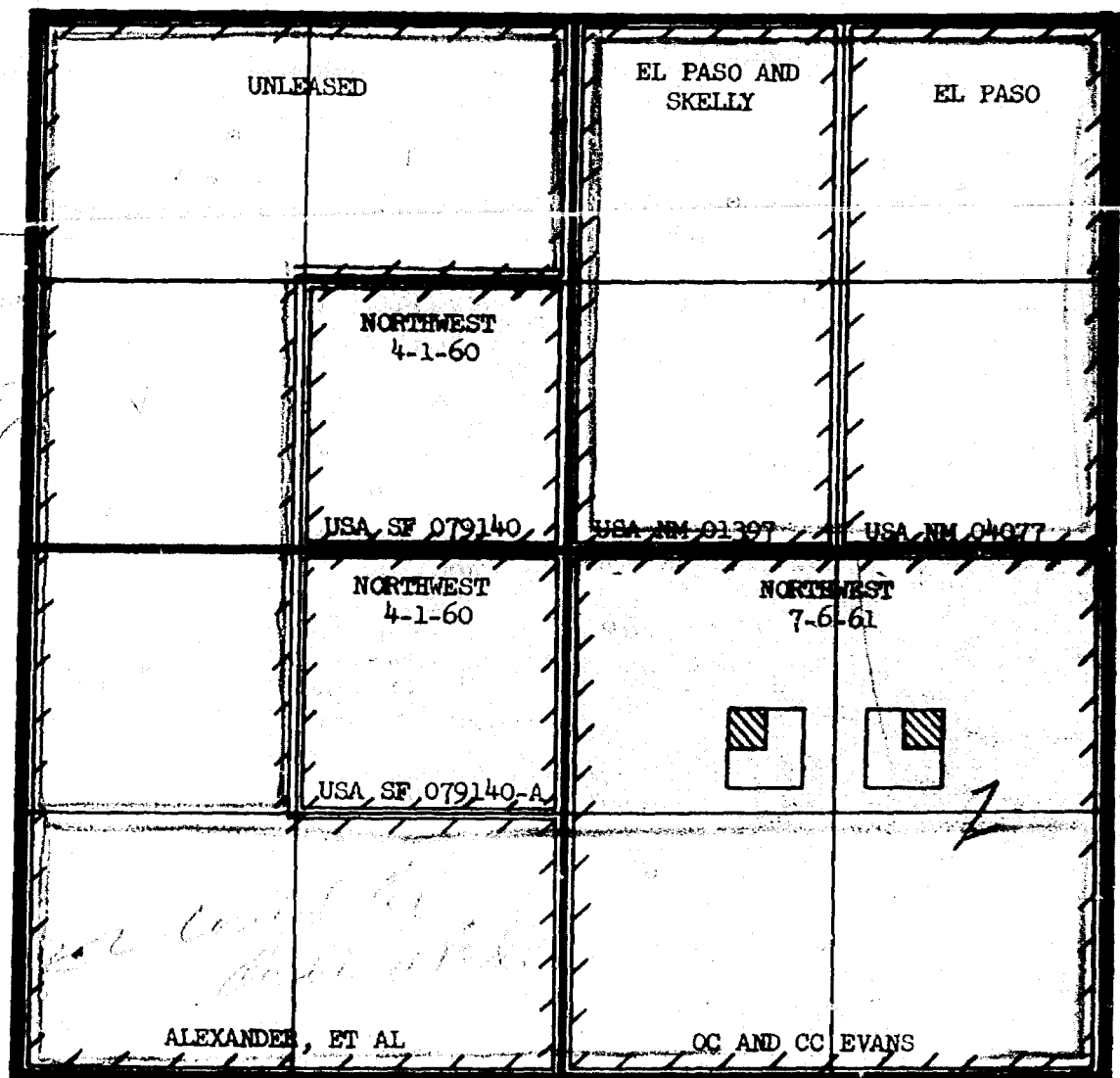
Standard Gas Well Location

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 1895



Section 21 Township 26 North Range 2 West

Plat of Section 21, Township 26 North, Range 2 West, N.M.P.M., Rio Arriba County, New Mexico, showing ownership of Pictured Cliffs Rights and Proposed Pictured Cliffs Drilling Unit.

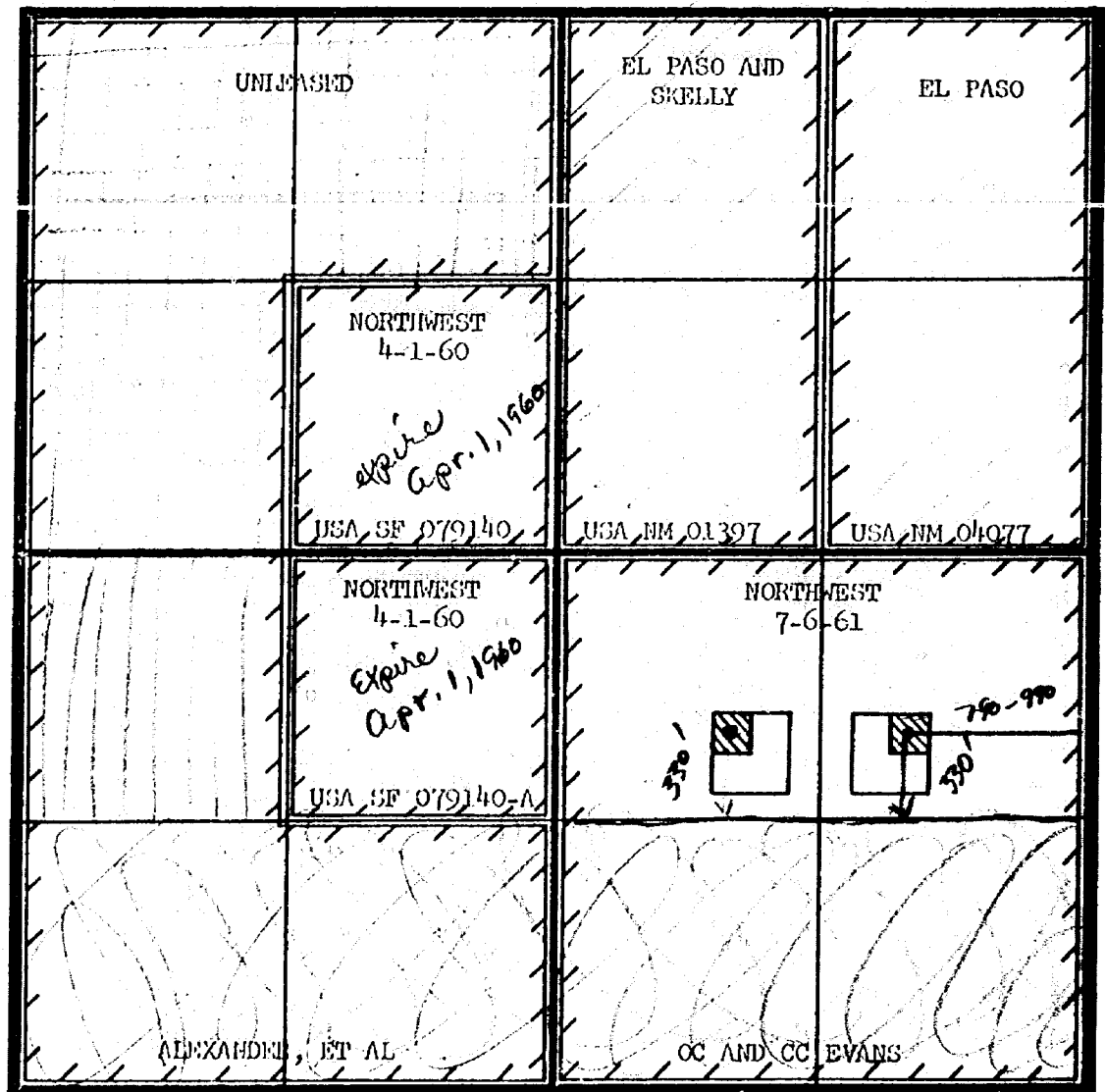
Common Ownership of Pictured Cliffs Rights

Proposed Drilling Unit

Standard Gas Well Location

*Condition order to expire April 1, 1960 if Ex. 1*

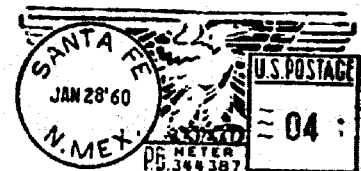
*Wells drilled SW/4 9/20 SW/4 9/29*



Section 21 Township 26 North Range 2 West



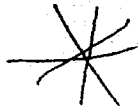
State of New Mexico  
Oil Conservation Commission  
P. O. BOX 671  
SANTA FE



DIRECTORY SERVICE DIVISION  
Non-delivery due to failure of sender  
to supply complete or correct address.

Earl H. Truesdell, et al  
New York City, New York

RETURNED FOR BETTER ADDRESS

- CASE 1892: Application of Texaco Inc. for approval of a unit agreement. Applicant, in the above-styled cause, seeks approval of its Remuda Basin Unit Agreement, which unit is to comprise approximately 8572 acres in Townships 22 and 23 South, Ranges 29 and 30 East, Eddy County, New Mexico.
- CASE 1893: Application of Petro-Atlas, Inc. for an order cancelling the over-production charged against one well in the South Blanco-Pictured Cliffs Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order cancelling the overproduction charged against the Aztec Well No. 1, located in the SE/4 NW/4 of Section 8, Township 27 North, Range 9 West, South Blanco-Pictured Cliffs Pool, San Juan County, New Mexico. Such overproduction was occasioned by applicant's delay in filing Form C-122-A.
- CASE 1894: Application of Robert N. Enfield for designation of a unit area. Applicant, in the above-styled cause, seeks a designation of the following-described 560 acres as the Southwest Mescalero Unit Area: Section 32, E/2 NE/4; Section 33, S/2 and NW/4, Township 10 South, Range 32 East, Lea County, New Mexico.
- CASE 1895:  Application of Northwest Production Corporation for a non-standard gas unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas unit in an undesignated Pictured Cliffs pool consisting of the N/2 SE/4, NE/4 SW/4, and SE/4 NW/4 of Section 21, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unit is to be dedicated to a well to be drilled in either the NE/4 SE/4 of the NW/4 SE/4 of said Section 21.
- CASE 1896: Application of Mountain States Petroleum Corporation for a non-standard gas unit for an unorthodox gas well location. Applicant, in the above-styled cause, seeks the establishment of a 181-acre non-standard gas unit adjacent to the Pine Lake-Pictured Cliffs Gas Pool consisting of all of Section 30, Township 26 North, Range 2 West, Rio Arriba County, New Mexico. Said unit is to be dedicated to the Federal 30-F Well, to be located at an unorthodox location 790 feet from the South line and 750 feet from the West line of said Section 30.

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Case 1895-  
unless  
PC

APPLICATION FOR HEARING  
BEFORE  
THE STATE OF NEW MEXICO OIL AND GAS COMMISSION

Application is hereby made by Northwest Production Corporation of 520 Simms Building, Albuquerque, New Mexico for the promulgation of an order establishing a drilling unit for the drilling of a well projected to the Pictured Cliffs formation in Section 21, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.

I

Applicant requests that the following order be promulgated: That the  $N\frac{1}{2}SE\frac{1}{4}$ ,  $NE\frac{1}{4}SW\frac{1}{4}$ ,  $SE\frac{1}{4}NW\frac{1}{4}$  of Section 21, Township 26 North, Range 2 West, be established as a drilling unit for a well projected to the Pictured Cliffs formation. That the location of a well projected to the Pictured Cliffs formation on the proposed unit shall be in the  $NE\frac{1}{4}SE\frac{1}{4}$  or  $NW\frac{1}{4}SE\frac{1}{4}$  of said Section 21, at a location which would be the location for a wildcat well on the  $SE\frac{1}{4}$  of said Section 21, under statewide spacing.

II

Applicant desires a hearing before an examiner at the state capitol building in Santa Fe at the earliest possible time that can be set by the Commission for the reason that leases covering 80 acres owned by applicant within the proposed drilling unit will expire unless production is obtained on each said lease or on acreage pooled therewith prior to April 1, 1960.

III

Applicant is the owner of lease SF 079140 from the United States of America covering  $SE\frac{1}{4}NW\frac{1}{4}$  of said Section 21, subject to a 3% overriding royalty in favor of C. C. Evans of Box 704, Truth or Consequences, New Mexico.

Applicant is the owner of lease SF 079140-A from the United States of America covering  $NE\frac{1}{4}SW\frac{1}{4}$  of said Section 21, subject to a 3% overriding royalty in favor of C. C. Evans of Box 704, Truth or Consequences, New Mexico.

Applicant is the owner of the lease from O. C. and C. C. Evans covering  $SE\frac{1}{4}$  of said Section 21.

Applicant believes that the balance of the Pictured Cliffs rights in the  $W\frac{1}{2}$  of said Section 21 is not subject to any oil and gas lease and is owned by the parties listed below:

J. T. Alexander ✓  
Route 12, Box 638  
Fort Worth, Texas

Albert Blair, Jr. ✓  
300 Shell Building  
Tulsa, Oklahoma

C. A. Gillette ✓  
Mayo Building  
Tulsa, Oklahoma

E. L. Ames ✓  
4101 San Pedro  
San Antonio, Texas

James H. Gardner, Jr. ✓  
Mayo Building  
Tulsa, Oklahoma

Earl H. Truesdell, et al ✓  
New York City  
New York

NORTHWEST PRODUCTION CORPORATION

By: R. F. Nordhausen  
R. F. Nordhausen  
Manager, Land Department

*Handwritten:*  
Hordhausen  
Mailed  
1-28-60  
JH

**NORTHWEST PRODUCTION CORPORATION**

ALBUQUERQUE, NEW MEXICO

March 21, 1960

REPLY TO:  
520 SIMMS BUILDING  
ALBUQUERQUE, NEW MEXICO

Oil Conservation Commission  
State of New Mexico  
State Capitol  
Santa Fe, New Mexico

Re: Case 1895  
Docket # 4-60

Gentlemen:

On February 10, 1960, Northwest Production Corporation appeared before the commission in support of its application for a non-standard gas unit in Section 21, T 26 N, R 2 W, Rio Arriba County, New Mexico.

It now appears that it will not be possible for Northwest Production to drill its proposed Pictured Cliffs well in order to preserve its lease and therefore we respectfully request the withdrawal of this application.

Sincerely yours,

NORTHWEST PRODUCTION CORPORATION

*R. H. Nordhausen*

R. H. Nordhausen  
Manager, Land Department

RHN/bi

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. 1895  
Order No. R-1639

APPLICATION OF NORTHWEST PRODUCTION  
CORPORATION FOR A 160-ACRE NON-STANDARD  
GAS UNIT AND A NON-STANDARD LOCATION IN  
AN UNDESIGNATED PICTURED CLIFFS POOL,  
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 10, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 24th day of March, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

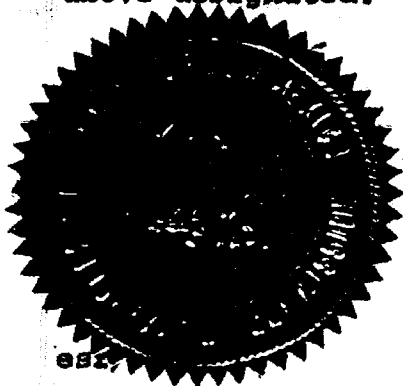
(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant has requested that Case No. 1895 be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 1895 be and the same is hereby dismissed.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*John Burroughs*  
JOHN BURROUGHS, Chairman

*Murray E. Morgan*  
MURRAY E. MORGAN, Member

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