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Case No.

2259

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Application, Transcript,  
and Exhibits, Etc.

RECEIVED PH 1 21

GEO L VERITY  
ATTORNEY AT LAW  
SUITE 122 PETROLEUM CENTER BUILDING  
FARMINGTON, NEW MEXICO  
TELEPHONE DAVIS 5-0203

1000259

March 29, 1961

New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Gentlemen:

Re: My file #1320-L

Application of Southwest  
Production Company for un-  
orthodox well location and non-  
standard oil proration unit in  
Cha Cha - Gallup Oil Pool, as  
to land in SW $\frac{1}{4}$  16-29N-14W, lying  
North of Center of San Juan River.

Enclosed herewith are the original and two (2) copies of  
application of Southwest Production Company for a non-standard  
proration unit and unorthodox well location in the Cha Cha-  
Gallup pool of San Juan County.

This application may be heard before the Trial Examiner  
and we would appreciate it being heard at the earliest possible  
time inasmuch as applicants are faced with a 30-day drilling  
deadline.

Yours very truly,

  
Geo. L. Verity

GLV/m  
3 encls  
cc: Southwest Production

Docketed  
Mailed  
4-5-61  
JL

APEX 1

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. 2165  
Order No. R-1867

APPLICATION OF PAN AMERICAN PETROLEUM  
CORPORATION FOR TWO UNORTHODOX OIL WELL  
LOCATIONS AND A NON-STANDARD OIL PROPRA-  
TION UNIT, CHA CHA-GALLUP OIL POOL,  
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 25, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 8th day of February, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Pan American Petroleum Corporation, proposes to locate its Navajo Tribal "E" Well No. 7 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 250 feet from the South line and 800 feet from the West line of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That the applicant further proposes to locate its Navajo Tribal "G" Well No. 5 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line and 885 feet from the East line of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(4) That the proposed unorthodox locations are necessitated by topographical conditions and by the applicant's desire to develop its acreage on a uniform pattern.

(5) That the applicant further seeks an order establishing an 88.7-acre non-standard oil proration unit in the Cha Cha-Gallup

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CASE No. 2165  
Order No. R-1867

Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, which unit is to be dedicated to the above-described Navajo Tribal "E" well No. 7.

(6) That the proposed non-standard oil proration unit can reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

(7) That establishment of the above-described non-standard oil proration unit and approval of the unorthodox oil well locations will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to locate its Navajo Tribal "E" Well No. 7 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 250 feet from the South line and 800 feet from the West line of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(2) That the applicant is hereby authorized to locate its Navajo Tribal "G" Well No. 5 at an unorthodox location in the Cha Cha-Gallup Oil Pool at a point 1830 feet from the South line and 885 feet from the East line of Section 18, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico.

(3) That an 88.7-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying South of the mid-channel of the San Juan River, is hereby established, which unit is to be dedicated to the above-described Navajo Tribal "E" Well No. 7.

PROVIDED HOWEVER, That in the event an official survey changes the amount of acreage in the tract designated as the unit, the acreage to be allocated to the unit for allowable purposes shall correspond to the change.

(4) That the allowable which will be assigned to the said Navajo Tribal "E" Well No. 7 shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 88.7 bears to 80.

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CASE No. 2165  
Order No. R-1867

DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

F. S. WALKER, Member

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

S E A L

esr/

DOCKET: EXAMINER HEARING - WEDNESDAY, APRIL 19, 1961

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 A. L. Porter, Secretary-Director, as alternate examiner:

CASE 2246: Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a) and Rule 309 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the oil production from the Tubb Gas Pool, the oil production from the Blinebry Gas Pool and the oil production from the Drinkard Pool from all wells presently completed on its J. R. Cone "A" lease, comprising the W/2 SW/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, and on its J. R. Cone "B" lease comprising the SE/4 SW/4 and the SW/4 SE/4 of said Section 26.

CASE 2247: Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the distillate production from the Tubb Gas Pool, the distillate production from the Blinebry Gas Pool, the oil production from the Drinkard Pool and the oil production from the Wantz Abo Pool from all wells presently completed on the S. J. Sarkeys lease, comprising the the SE/4 of Section 23, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2248: Application of Sinclair Oil & Gas Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the oil production from the Drinkard Pool with the oil production from the Tubb Gas Pool from all wells presently completed on its A. M. York "B" lease, comprising the NE/4 NE/4 of Section 20, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 2249: Application of Southern Union Production Company for an order force-pooling a standard 160-acre proration unit in the Tapacito-Pictured Cliffs Gas Pool. Applicant, in the above-styled cause, seeks an order force pooling all mineral interests in the Tapacito-Pictured Cliffs Gas Pool in the SW/4 of Section 2, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, to form a standard 160-acre gas proration unit.

- CASE 2250: Application of Texaco, Inc. for an exception to Rule 309 (a) and for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to commingle the Paduca-Deleware Pool production from all wells presently completed or hereafter drilled on the Cotton Draw Unit, comprising portions of Townships 24 and 25 South, Ranges 31 and 32 East, Eddy and Lea Counties, New Mexico. Applicant further proposes to install an automatic custody transfer system to handle said commingled production.
- CASE 2251: Application of Texaco, Inc. for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 280-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the SW/4, the E/2 SE/4 and the NW/4 SE/4 of Section 31, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its E. E. Blinbry Well No. 2, located 1980 feet from the South line and 660 feet from the East line of said Section 31.
- CASE 2252: Application of Citius Service Petroleum Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from the Vacuum-Abo Pool from all wells presently completed or hereafter drilled on its State B "J" lease, S/2 of Section 35, Township 17 South, Range 35 East, Lea County, New Mexico.
- CASE 2253: Application of G. E. Reagin for permission to operate a treating plant. Applicant, in the above-styled cause, seeks permission to operate a sediment oil treating plant to be located at or near the City of Hobbs, New Mexico.
- CASE 2254: Application of The Ohio Oil Company for exception to Rule 309 (a) and for two automatic custody transfer systems. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Lea-Devonian Pool production from all wells presently completed or hereafter drilled in the Lea Unit Area, comprising portions of Township 20 South, Ranges 34 and 35 East, Lea County, New Mexico, and to commingle, prior to measurement, the Lea-Bone Springs Pool production from all wells presently completed or hereafter drilled in said Lea Unit Area. Applicant further proposes to install two automatic custody transfer systems, one to handle the Devonian production, the other to handle the Bone Springs production.

- CASE 2255: Application of Tenneco Corporation for approval of the Kemnitz-Wolfcamp Unit Agreement and for a pressure maintenance project. Applicant, in the above-styled cause, seeks approval of the Kemnitz-Wolfcamp Unit Agreement, which unit embraces 4,520 acres of State lands in Township 16 South, Ranges 33 and 34 East, Lea County, New Mexico. Applicant further seeks an order authorizing it to institute a pressure maintenance project in said Kemnitz-Wolfcamp Unit Area by the injection of gas into 5 wells in said area, and for special rules governing the operation of said project.
- CASE 2256: Application of Hondo Oil & Gas Company for an automatic custody transfer system. Applicant, in the above-styled cause, seeks permission to install an automatic custody transfer system to handle the production from the Culwin-Queen Pool from all wells presently completed or hereafter drilled on the State RD Lease in Section 36, Township 18 South, Range 30 East, Eddy County, New Mexico.
- CASE 2257: Application of J. R. Cone for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Blinebry Oil Pool, the Drinkard Pool and the Tubb Gas Pool from all wells presently completed on the Anderson Lease, comprising the NE/4 SE/4 of Section 21, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 2258: Application of Markham, Cone & Redfern for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks permission to commingle, without separate measurement, the production from the Drinkard Pool, the Blinebry Gas Pool and the Tubb Gas Pool from all wells presently completed on the Eubanks lease, comprising the SW/4 of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 2259: Application of Southwest Production Company for a non-standard oil proration unit and for an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 71.3-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool comprising that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River. Applicant further seeks approval for an unorthodox oil well location in said pool at a point 1850 feet from the South line and 330 feet from the West line of said Section 16, to serve as the unit well.

Docket No. 12-61

CASE 2260: Application of Continental Oil Company for an unorthodox gas well location. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its State F-1 Well No. 1, located 660 feet from the South and West lines of Section 1, Township 21 South, Range 36 East, Lea County, New Mexico, said well to serve as the unit well for a gas proration unit comprising all of said Section 1.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF - )

THE APPLICATION OF SOUTHWEST PRODUCTION )  
COMPANY, a co-partnership, consisting of )  
JOHN H. HILL and JOSEPH P. DRISCOLL, FOR )  
AN UNORTHODOX WELL LOCATION AND A NON- )  
STANDARD OIL PRORATION UNIT IN THE CHA )  
CHA-GALLUP OIL POOL OF SAN JUAN COUNTY, )  
NEW MEXICO, CONSISTING OF ALL THE LAND IN )  
THE SOUTHWEST QUARTER (SW $\frac{1}{4}$ ) OF SECTION 16, )  
TWP. 29 NORTH, RANGE 14 WEST, N.M.P.M., )  
LYING NORTH OF THE CENTER OF THE SAN JUAN )  
RIVER. )

CASE NO. 2259

A P P L I C A T I O N

Comes now the applicant, SOUTHWEST PRODUCTION COMPANY,  
a co-partnership consisting of John M. Hill and Joseph P.  
Driscoll, and alleges and states:

1. That applicant is the owner of the oil and gas lease  
covering the captioned lands and desires to drill a well there-  
on to the Gallup Sand formation; that the above described land  
is a part of the Cha Cha - Gallup Oil Pool in the above describ-  
ed County and State.

2. That the Commission has heretofore promulgated Order  
No. R-1867, in Case No. 2165, which granted an unorthodox well  
location and a non-standard unit on the application of Pan American  
Petroleum Corporation, which non-standard unit was for production  
of oil from the Gallup Sand in the above named pool and consist-  
ed of all of the land in the Southwest Quarter (SW $\frac{1}{4}$ ) of the above  
described section 16, which lies South of the center of the San  
Juan River, which land is all of the balance of the land in said  
Southwest Quarter (SW $\frac{1}{4}$ ).

3. That topographical conditions make it necessary that the well to be drilled on the above requested non-standard unit should be located 1850 feet North of the South line, and 330 feet East of the West line of the above described Section 16.

4. That applicant is entitled to have an order of this Commission establishing a non-standard proration unit, as above described, and granting permission to drill said well to the Gallup Sand formation underlying such unorthodox production unit at the location above stated.

5. That all of the land underlying the above requested non-standard proration unit is underlain by a producing section of the Cha Cha - Gallup Oil sand and can reasonably be expected to produce oil from said formation.

6. That the names and addresses of all parties known to applicant who might be interested in this application are as follows:

1. Pan American Petroleum Corporation  
Petroleum Center Building  
Corner Airport & Apache Streets  
Farmington, New Mexico

2. XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

WHEREFORE, applicant prays that this application be set for hearing; that due notice thereof be given in accord with the rules of this Commission and the laws of the State of New Mexico; that upon hearing such application, from the evidence to be adduced, the Commission enter an order establishing a non-standard proration unit consisting of all the land in the South-west Quarter (SW $\frac{1}{4}$ ) of Section 16, Township 29 North, Range 14 West, N.M.P.M., in San Juan County, New Mexico, lying North of the Center of the San Juan River, and granting permission for a well to be

drilled at a point 1850 feet North of the South line, and 330  
feet East of the West line of the hereinbefore described South-  
west Quarter (SW $\frac{1}{4}$ ) of Section 16, Township 29 North, Range 14  
West.

SOUTHWEST PRODUCTION COMPANY,  
a copartnership, consisting of  
John H. Hill and Joseph P.  
Driscoll,

By

  
(Geo. L. Verity)

ITS ATTORNEY

152 Petroleum Center Bldg.  
Farmington, New Mexico

GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

**State of New Mexico**  
**Oil Conservation Commission**

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



P. O. BOX 871  
SANTA FE

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

April 29, 1961

Mr. George Verity  
152 Petroleum Center Building  
Farmington, New Mexico

Re: Case No. 2259  
Order No. Am1948  
Applicant:  
Southwest Production 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.*  
A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon 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. 2259  
ORDER NO. K-1546

**APPLICATION OF SOUTHWEST PRODUCTION  
COMPANY FOR A NON-STANDARD OIL PRO-  
DUCTION UNIT AND FOR AN UNORTHODOX  
OIL WELL LOCATION, SAN JUAN COUNTY,  
NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr., 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 28th day of April, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, A. L. Porter, Jr., 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, Southwest Production Company, is the owner and operator of that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River, comprising approximately 71.3 acres.

(3) That the applicant proposes the establishment of a 71.3-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of the above-described acreage.

(4) That the applicant further proposes to locate a well at an unorthodox oil well location in said pool at a point 1850 feet from the South line and 330 feet from the West line of said Section 16, to which well the above-described non-standard oil proration unit is to be dedicated.

(5) That the proposed non-standard oil proration unit can reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

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CASE No. 2259  
Order No. R-1948

(6) That establishment of the above-described non-standard oil production unit and approval of the unorthodox oil well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 71.3-acre non-standard oil production unit in the Cha Cha-Gallup Oil Pool, comprising that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, NEPM, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River, is hereby established.

PROVIDED HOWEVER, That in the event an official survey changes the amount of acreage in the tract designated as the unit, the acreage to be allocated to the unit for allowable purposes shall correspond to the change.

(2) That the applicant is hereby authorized to locate a well at an unorthodox oil well location in the Cha Cha-Gallup Oil Pool at a point 1850 feet from the South line and 330 feet from the West line of said Section 16, to which well the above-described non-standard oil production unit is to be dedicated.

(3) That the allowable which will be assigned to the above-described well shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 71.3 bears to 80.

(4) 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

*S. L. Mechem*

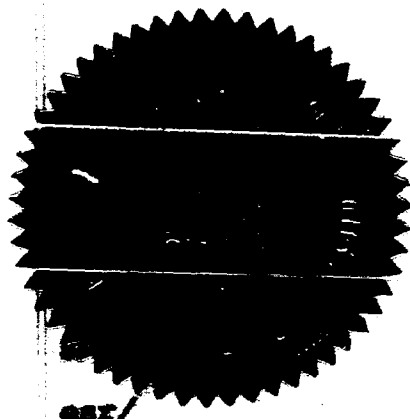
EDWIN L. MECHEM, Chairman

*E. S. Walker*

E. S. WALKER, Member

*A. L. Porter, Jr.*

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



SEE/

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 19, 1961

EXAMINER HEARING

-----  
IN THE MATTER OF: )  
)

Application of Southwest Production Com- )  
pany for a non-standard oil proration )  
unit and for an unorthodox oil well lo- )  
cation. Applicant, in the above-styled )  
cause, seeks the establishment of a )  
71.3-acre non-standard oil proration )  
unit in the Cha Cha-Gallup Oil Pool com- )  
prising that portion of the SW/4 of )  
Section 16, Township 29 North, Range 14 )  
West, San Juan County, New Mexico, lying )  
North of the mid-channel of the San Juan )  
River. Applicant further seeks approval )  
for an unorthodox oil well location in )  
said pool at a point 1850 feet from the )  
South line and 330 feet from the West )  
line of said Section 16, to serve as the )  
unit well. )  
-----

Case 2259

BEFORE: Mr. A. L. "Pete" Porter,  
Secretary-Director, Alternate Examiner.

TRANSCRIPT OF HEARING

MR. PORTER: The hearing will come to order, please.  
We will take up Case No. 2259.

MR. MORRIS: "Application of Southwest Production Com-  
pany for a non-standard proration unit and for an unorthodox oil  
well location."

MR. VERITY: George L. Verity for the Applicant. I

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6651

ALBUQUERQUE, NEW MEXICO



have one witness in the case.

(Witness sworn.)

MR. VERITY: By way of a preliminary statement, I would like to point out to the Commission that this is an application for a non-standard proration unit for an orthodox oil well location. If I might, without further identification, I'd like to introduce in evidence Applicant's Exhibit No. 1 which is an order of the Commission in Case No. 2165 (r)-1867. This is an order affixing the same 160 acres which this application lies within, the Southwest quarter of Section 16, TWP 29 North, Range 14 West, San Juan County, New Mexico. It is bisected slightly on the north of the middle of the 160 acres by the San Juan River, which makes it impractical to divide the 160 acres into two 80-acre units. In accord with this, Pan Am asked for a non-standard proration unit for all of the land south of the river and the Commission granted this, giving them an 88.07 acre unit.

The applicant has the lease on all of the land north of the center of the river and we are asking that it be placed in a non-standard proration unit and that we be given an off-pattern location so that we can get out of the swamp and away from a power line.

DIRECT EXAMINATION

BY MR. VERITY:

Q Will you please state your name?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.  
 1111 1/2 N. 1st St. N.E.  
 ALBUQUERQUE, N.M. 87102  
 (505) 261-1111

DEARNLEY-MEIER REPORTING SERVICE, Inc.  
 1111 1/2 N. 1st St. N.E.  
 ALBUQUERQUE, N.M. 87102  
 (505) 261-1111

A V. L. Whitaker.

Q What is your educational background?

A I have a B. S. degree in physics from Texas A & I.

Q Since that time have you been employed in the oil engineering field?

A I have worked some eight years for service companies working with logs, in the last five years with oil companies as a consultant production foreman and engineer-geologist.

Q Who are you employed by?

A Southwest Production Company.

Q Are you familiar with the Cha Cha-Gallup Oil Pool, and particularly with the nature of the Gallup production underlying the Southwest quarter of Section 16, TWP 29 North, Range 14 West in San Juan County?

A Yes, I am.

Q I hand you, Mr. Whitaker, what the reporter has marked Applicant's Exhibit 2. Will you please tell us what it is?

A This is a plat of Section 16, TWP 29 North, Range 14 West, covering acreage that we would propose to put in an unorthodox non-standard drilling unit, which is the area north of the San Juan River and in the Southwest quarter of Section 16.

Q Does the company own all of the acreage north of the center of the San Juan River and lying within the Southwest quarter of Section 16?



A That is correct.

Q Do you know whether or not the royalty interest underlying that same unit is all common?

A It is state land with common royalties.

Q How much acreage lies within that portion of the Southwest quarter north of the center of the river?

A Approximately 71.3 acres which is the remainder of this quarter section that -- well, the remainder that Pan Am did not claim under their non-standard unit. They claimed 88.7 acres and we claimed the remaining 71.3 acres to it.

Q These two together make up the full 160 acres. Are you familiar with the geology underlying this proposed unit?

A I have done Isopach work on this area and expect this entire 71.3 acres to be productive in this Cha Cha-Gallup zone.

Q Have you inspected the land and the nature of the topography in this proposed unit?

A Yes, I have.

Q Will you please describe it?

A Cutting across where the unorthodox location would follow, there's a 69,000-volt transmission line which we propose to stay away from. Beyond it lies a marshy river, overflow country that we would find pretty difficult to operate in.

Q In light of these factors, have you made a proposed location for the Gallup well on this unit?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



A We have a location which is flagged on this Exhibit 2.

Q Will you please state where that is with regard to the south and west edge?

A It is 330 feet from the west line, 1850 feet from the south line of Section 16.

MR. VERITY: I believe that's all we have.

MR. PORTER: Any questions of the witness?

CROSS EXAMINATION

BY MR. MORRIS:

Q I was assuming when we advertised this case -- I didn't know whether you owned to the mid-channel of the river or not, but you do, is that correct?

A Pan Am claims to mid-channel on the south side and we claim on the north side.

Q In one of the cases that came out recently, there was testimony to the effect that half of the mid-channel in some instances was going to be left without ownership. I think that was when there was some Federal lands on one side and un-owned land on the other side. It's your understanding that you do own the whole 71%?

A That is correct.

MR. MORRIS: Thank you.

BY MR. NUTTER:

Q In your exhibit here where you showed 60 acres, now

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



that's just in the north half of the southwest quarter?

A That is estimated, if you'll notice. Those figures are written there with est behind them. Checking in the Commission office in Aztec -- this thing is broken up into lots and the total of these -- well, I don't have them on this map. but the total acreage they showed amounted to some 60 -- well, something less than 70 acres. Add to that the river bottom country which Pan Am also added some 12 acres to their designated acreage on these plats, we looked in the office in Aztec and they added some 11 acres, something like that, to the river bottom country, to give them a total of 88.7 acres. We are following that same pattern.

MR. VERITY: I don't believe there is a controversy about the ownership. We make no claim about Pan Am, and by the same token, claim the same reciprocal acreage.

Q (By Mr. Nutter) On this exhibit, I think it is labeled "Pubco Petroleum Company"; is this actually an exhibit of Southwest Petroleum Company?

A We acquired the land from them.

Q Do you wish the exhibit to carry your name?

A Yes.

MR. VERITY: It was a Pubco farmout; they prepared it, actually.

Q (By Mr. Nutter) How many volts did you say that

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



line carried?

A I have looked into that. I have questioned, I have talked with the Janis Power Company and they said it was 69,000 volts.

MR. NUTTER: That's all.

THE WITNESS: It's marked on this plat as 70,000 volts. I'll give a thousand volts.

MR. VERITY: We offer Exhibits 1 and 2 in evidence.

MR. PORTER: Without objection, the exhibits will be admitted.

I believe these marshy conditions are peculiar to this particular section of the state. We don't run into that in the southeast.

Take the case under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-4611

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-691

ALBUQUERQUE, NEW MEXICO

STATE OF NEW MEXICO )  
 : SS  
 COUNTY OF BERNALILLO )

I, TOM HORNE, Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

T. Horne  
 Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2259, heard by me on April 19, 1961.

W. L. Pater, Jr., Examiner  
 New Mexico Oil Conservation Commission



*RSM*  
*4/24*

DRAFT

RSM/esr  
April 20, 1961

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

*Done*  
*4/24*

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

CASE No. 2259

Order No. R- 1948

*GC*  
*4-24-61*

APPLICATION OF SOUTHWEST PRODUCTION  
COMPANY FOR A NON-STANDARD OIL PRO-  
RATION UNIT AND FOR AN UNORTHODOX  
OIL WELL LOCATION, SAN JUAN COUNTY,  
NEW MEXICO.

*WHS*  
*4/24*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
April 19, 1961, at Santa Fe, New Mexico, before A. L. Porter, Jr.,  
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 \_\_\_\_\_ day of April, 1961, the Commission,  
a quorum being present, having considered the application, the  
evidence adduced, and the recommendations of the Examiner,  
A. L. Porter, Jr., 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, Southwest Production Company, is  
the owner and operator of that portion of the SW/4 of Section 16,  
Township 2 North, Range 14 West, NMPM, San Juan County, New Mexico,  
lying North of the mid-channel of the San Juan River, comprising  
approximately 71.3 acres.

(3) That the applicant proposes the establishment of a  
71.3-acre non-standard oil proration unit in the Cha Cha-Gallup  
Oil Pool consisting of the above-described acreage.

(4) That the applicant further proposes to locate a well at  
an unorthodox oil well location in said pool at a point 1850 feet  
from the South line and 330 feet from the West line of said Sec-  
tion 16, to which well the above-described non-standard oil pro-  
ration unit is to be dedicated.

(5) That the proposed non-standard oil proration unit can reasonably be presumed to be productive of oil from the Cha Cha-Gallup Oil Pool.

(6) That establishment of the above-described non-standard oil proration unit and approval of the unorthodox oil well location will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 71.3-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool, comprising that portion of the SW/4 of Section 16, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, lying North of the mid-channel of the San Juan River, is hereby established.

PROVIDED HOWEVER, That in the event an official survey changes the amount of acreage in the tract designated as the unit, the acreage to be allocated to the unit for allowable purposes shall correspond to the change.

(2) That the applicant is hereby authorized to locate a well at an unorthodox oil well location in the Cha Cha-Gallup Oil Pool at a point 1850 feet from the South line and 330 feet from the West line of said Section 16, to which well the above-described non-standard oil proration unit is to be dedicated.

(3) That the allowable which will be assigned to the above-described well shall bear the same ratio to a standard allowable in the Cha Cha-Gallup Oil Pool as 71.3 bears to 80.

(4) 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 herein-above designated.