

CASE 2290: Application of ASPEN
CRUDE for three non-standard oil
proration units & unorth. location

2/24/01

-asa / / o.

2290

Application, Transcript,
and Exhibits, Etc.

GOVERNOR
EDWIN L. MCHEYER
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

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

P. O. BOX 871
SANTA FE

May 29, 1961

Mr. William J. Cooley
Burr & Cooley
413 1/2 West Main
Farmington, New Mexico

Re: CASE NO. 2290
ORDER NO. R-1988
APPLICANT:
Aspen Crude Purchasing Co.

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. 2290
Order No. R-1988

APPLICATION OF ASPEN CRUDE PURCHASING
COMPANY FOR THREE NON-STANDARD OIL PRO-
DUCTION UNITS AND 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 o'clock a.m. on May 24, 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 29th day of May, 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, Aspen Crude Purchasing Company, proposes the establishment of the following-described non-standard oil production units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, NEPM, San Juan County, New Mexico:

- (a) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres.
- (b) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.
- (c) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

(3) That the above-described non-standard oil production units can be presumed to be productive of oil from the Totah-Gallup Oil Pool.

-2-
CASE No. 2290
Order No. R-1968

(4) That the applicant proposes to locate a well at an unorthodox location in the Totah-Gallup Oil Pool, at a point 263 feet from the North line and 700 feet from the East line of said Section 11.

(5) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the following-described non-standard oil proration units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, NMPM, San Juan County, New Mexico, are hereby established:

- (a) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres, to be dedicated to a well at an unorthodox location 263 feet from the North line and 700 feet from the East line of said Section 11, which unorthodox location is hereby approved.
- (b) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.
- (c) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

(2) That the allowable to be assigned to wells to be located on each of the above-described non-standard oil proration units shall bear the same ratio to a standard allowable in the Totah-Gallup Oil Pool as the acreage in each unit bears to 80.


(3) 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


EDWIN L. MECHEM, Chairman


E. S. WALKER, Member


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

esx/

2290
Case ~~2289~~
Grant 5-24-61
5-25-61

1. Grant Open Drilling 3 non-std units in Toluh Oil pool as follows:

(a) ~~SE~~ SE and lots 1 & 2 ~~and~~ Partial sec. 11 consisting of 97.78 Ac.

(b) SW SW and lots 3 & 4 of partial sec. 11, consisting of 97.58 Ac.

(c) ~~SW~~ SW SE and SE SW of partial section 11, consisting of 80 Ac. All in 28N-13W.

2. Also a non-std. location for a well to be drilled 2631N; 7001E lines of sec. 11, 28-13.

3. The ave. of these 3 units is 11.02% over std acreage. Therefore another well would not be justified.

Shurtliff

DOCKET: EXAMINER HEARING - WEDNESDAY, MAY 24, 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 Daniel S. Nutter, as alternate examiner:

CASES 2291 through 2296 will not be heard before 1:30 p.m.

- CASE 2280: Application of Continental Oil Company for a non-standard gas proration unit and for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 E/2, SW/4 SE/4 and the SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lockhart A-17 Well No. 2, at an unorthodox location 1960 feet from the South line and 660 feet from the East line of said Section 17.
- CASE 2281: Application of Continental Oil Company for an exception to Rule 309 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Maljamar Pool production from all wells presently completed or hereafter drilled on its Taylor Lease, comprising the SW/4 of Section 14, Township 17 South, Range 32 East, Lea County, New Mexico, and on its Federal Miller BX Lease, comprising the E/2 of said Section 14, after separately metering the production from each lease.
- CASE 2282: Application of Continental Oil Company for an amendment of Order No. R-1602. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1602 changing the effective date thereof and making the provisions of said order effective as of March 1, 1960.
- CASE 2283: Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Denton (Devonian) Pool production and the Denton-Wolfcamp Pool production on its Mexico "F" Lease comprising Lots 1, 2, 3, and 4, the SW/4 NE/4 and the SW/4 NW/4 of Section 2, Township 15 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2284:

Application of Skelly Oil Company for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the oil production from the Hare and Drinkard Pools with the distillate production from the Blinebry and Tubb Gas Pools on its E. A. Sticher Lease, consisting of the N/2 SW/4 of Section 4, Township 22 South, Range 37 East, Lea County, New Mexico, and to allocate the production to each well in each pool on the basis of periodic well tests.

CASE 2285:

Application of Texaco Inc., for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Tubb Gas Pool for its A. H. Blinebry NCT-1 Well No. 8, located 1980 feet from the North line and 330 feet from the West line of Section 33, Township 22 South, Range 38 East, Lea County, New Mexico.

CASE 2286:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from the following-described leases, all in Township 29 North, Range 13 West, San Juan County, New Mexico.

Federal Lease No. SF 079065 in Sections 19, 20 and 29.

State Lease B-11017-23 comprising in pertinent part the SW/4 NW/4 of Section 20.

State Lease B-11017-21 comprising in pertinent part the NW/4 NW/4 of Section 20.

Smith-Eaton Lease comprising in pertinent part the NE/4 SE/4, SE/4 NE/4 and the E/2 NW/4 of Section 20.

Applicant proposes to commingle said production in a common tank battery located on the SW/4 of said Section 20 after separately metering the production from the State and fee leases only.

CASE 2287:

Application of Aztec Oil & Gas Company for an exception to Rule 309 (a), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle the Totah-Gallup Pool production from five separate fee leases, all located in Section 18, Township 29 North, Range 13 West, San Juan County, New Mexico.

CASE 2288:

Application of Southwest Production Company for two non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard gas proration units in the Basin-Dakota Gas Pool, San Juan County, New Mexico, described as follows:

(1) W/2 of Section 7, Township 30 North, Range 11 West, except the 3.39-acre tract therein owned by Harold M. Brimhall and Maleta Y. Brimhall, comprising the sum total approximately 327.01 acres.

(2) E/2 of Section 7, Township 30 North, Range 11 West, except the S/2 SW/4 SE/4; comprising in sum total approximately 300 acres.

CASE 2289:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units in and adjacent to the Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7, Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Section 7; and

(3) Lots 2, 3 and 4 of said Section 7, and 40.81 acres located between said Section 7 and Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290:

Application of Aspen Crude Purchasing Company for three non-standard oil proration units and for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the following-described non-standard oil proration units adjacent to the Totah-Gallup Oil Pool in Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, comprising 97.78 acres, to be dedicated to a well at a non-standard location 263 feet from the North line and 700 feet from the East line of said Section 11.

CASE 2290: (Cont.)

(2) Lots 3 and 4 and the SW/4 SW/4, comprising 97.58 acres.

(3) SW/4 SE/4 and the SE/4 SW/4, comprising 80 acres.

The following cases will not be heard before 1:30 p.m.

CASE 2291:

Application of Pan American Petroleum Corporation for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to commingle, prior to measurement, the Paddock, Brunson and Wantz-Abo pool production from all wells on its Hugh Corrigan Lease, comprising the NE/4 SE/4 of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico, and to allocate production to each well in each pool on the basis of periodic well tests.

CASE 2292:

Application of Humble Oil & Refining Company for permission to take interference tests and transfer allowables in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to take interference tests in the Cha Cha-Gallup Oil Pool, San Juan County, New Mexico, by shutting in its Navajo Tribe "L" Well No. 4, located in the SW/4 SE/4 of Section 26, Township 29 North, Range 14 West, and transferring its allowable to other wells on the same basic lease in such a manner that no well will produce more than 125% of its monthly allowable.

CASE 2293:

Application of Great Western Drilling Company for approval of the Grain Queen Unit Agreement, for permission to institute a waterflood project therein, for special rules governing said waterflood project including a provision for special allowables, and for permission to commingle the production from all leases in said unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Grain Queen Unit Agreement, which unit embraces 200 acres of State and fee lands in Township 13 South, Range 32 East, Lea County, New Mexico, described as follows:

CASE 2293: (Cont.)

Section 34, Township 32 North, Range 13 West, the S/2 SW/4
Section 34, Township 32 North, Range 13 West.

Applicant further seeks permission to institute a waterflood project in said main green sand area and seeks the promulgation of special rules governing said project including a provision for special allowables. Applicant further seeks permission to commingle the natural substances produced from all leases in said area - green sand unit area without separate measurement in tests in each individual lease.

CASE 2294:

Application of El Paso Natural Gas Company for authorization to conduct maximum pressure build-up tests. Applicant, in the above-styled cause, seeks authorization to conduct maximum pressure build-up tests in the Blanco-Mesaverde Gas Pool, the Aztec-Pictured Cliffs Gas Pool, the Ballard-Pictured Cliffs Gas Pool, the Fulcher Katz-Pictured Cliffs Gas Pool, and the South Blanco-Pictured Cliffs Gas Pool, San Juan and Rio Arriba Counties, New Mexico. Applicant further seeks establishment of special rules governing said tests including a provision authorizing the non-cancellation and/or transfer of allowables from wells to be shut-in in each pool and including a provision allowing substitute tests by administrative approval.

CASE 2295:

Application of Consolidated Oil & Gas, Inc. for a dual completion, a non-standard gas proration unit and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 325.26-acre non-standard gas proration unit in the Basin-Dakota Gas Pool and in the Blanco-Mesaverde Gas Pool consisting of the S/2 of Section 34, Township 32 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to its Robinson Brothers Well No. 1, proposed to be dually completed in said pools at an unorthodox gas well location for said pools at a point 1235 feet from the South line and 700 feet from the East line of said Section 34.

CASE 2296:

Application of Consolidated Oil & Gas, Inc. for an order authorizing the establishment of a gas proration unit in the Basin-Dakota Gas Pool and in the Blanco-Mesaverde Gas Pool consisting of the S/2 of Section 34, Township 32 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to its Robinson Brothers Well No. 1, proposed to be dually completed in said pools at a point 1235 feet from the South line and 700 feet from the East line of said Section 34.

Case 2290

ASPEN CRUDE PURCHASING CO.

NEW MEXICO:
2010 MONTE VISTA BLVD., N. E.
ALBUQUERQUE
AM. 8-3884

OKLAHOMA:
P. O. BOX 907
DUNCAN
AL 8-9518

COLORADO:
205 PETROLEUM CLUB BLDG.
DENVER (2)
AC 2-0808

April 18, 1961

Box 2060
Farmington, New Mexico

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

Attention: A. L. Porter

Dear Mr. Porter:

*Approved by
John*

Aspen Crude Purchasing Company requests that a hearing be set for approval of three non-standard Gallup units in Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico. We also desire approval of a non-standard location for a proposed Gallup and a proposed Dakota test in Lot 1, of Section 11, Township 28 North, Range 13 West.

Proposed Gallup Unit No. 1 includes Lots 1 and 2 plus the SE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 11. Total acreage is 97.78 acres more or less.

Proposed Gallup Unit No. 2 includes Lots 3 and 4 plus the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 11. Total acreage is 97.58 acres more or less.

Proposed Gallup Unit No. 3 is composed of the SW $\frac{1}{4}$ of the SE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 11. Total acreage is 80 acres more or less.

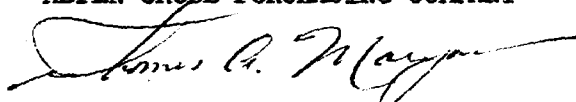
Dakota units in the area have been approved by a previous hearing. ✓

Rough terrain necessitated staking the Gallup location as indicated on the enclosed plat. An alternate is virtually impossible with respect to north-south alignment. The Dakota test will be staked at a later date but will be immediately adjacent to the Gallup location, providing approval is granted.

Thank you for your attention to these proposals.

Very truly yours,

ASPEN CRUDE PURCHASING COMPANY



Thomas A. Morgan
Production Superintendent

*Roberts
Milled*

TAM:ps
cc: NMOCC- Aztec

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Case 2296

SECTION A.

DATE April 16, 1961

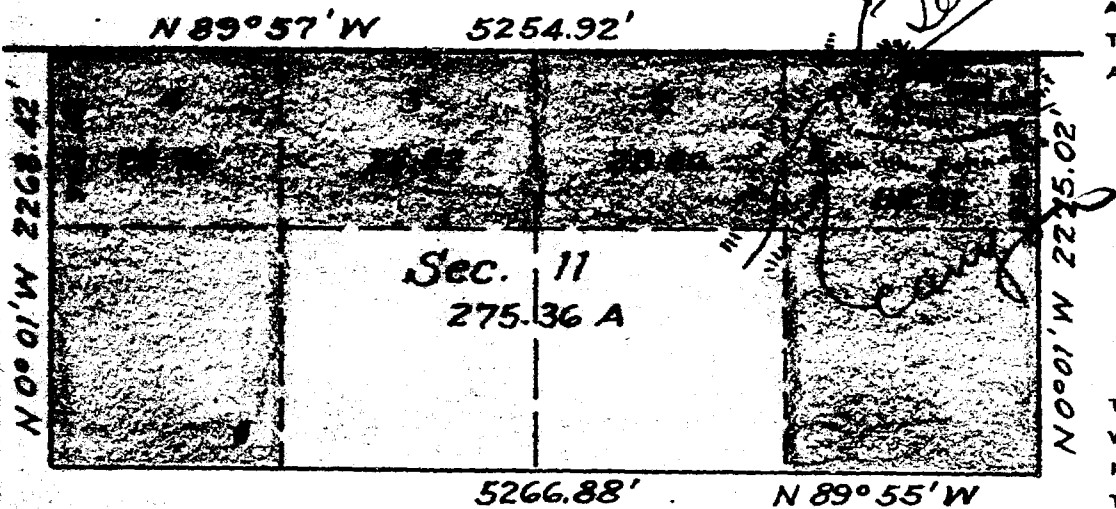
OPERATOR Aspen Crude Purchasing Company LEASE _____
 WELL NO. _____ UNIT LETTER _____ SECTION 11 TOWNSHIP 28 N. RANGE 13 W. NMPM
 LOCATED 263 FEET FROM North LINE. 700 FEET FROM East LINE
 COUNTY San Juan S. L. ELEVATION 5881 DEDICATED ACREAGE _____ ACRES
 NAME OF PRODUCING FORMATION _____ POOL _____

1. IS THE OPERATOR THE ONLY OWNER* IN THE DEDICATED ACREAGE OUTLINED ON THE PLAT BELOW? YES _____ NO _____
2. IF THE ANSWER TO QUESTION ONE IS "NO," HAVE THE INTERESTS OF ALL THE OWNERS BEEN CONSOLIDATED BY COMMUNITIZATION AGREEMENT OR OTHERWISE? YES _____ NO _____ IF ANSWER IS "YES," TYPE OF CONSOLIDATION _____

3. IF THE ANSWER TO QUESTION TWO IS "NO," LIST ALL THE OWNERS AND THEIR RESPECTIVE INTERESTS BELOW:

OWNER	LAND DESCRIPTION
-------	------------------

SECTION B.



- Unit # 1
- Unit # 2
- Unit # 3

THIS IS TO CERTIFY THAT THE INFORMATION IN SECTION A ABOVE IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

(OPERATOR)

(REPRESENTATIVE)

(ADDRESS)

THIS IS TO CERTIFY THAT THE WELL LOCATION AND ACREAGE PLAT IN SECTION A ABOVE IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF. I HAVE REVIEWED THE FIELD NOTES OR ORIGINAL SURVEY RECORDS UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DATE SURVEYED April 14, 1961

FOUR STATES ENGINEERING CO.

FARMINGTON, NEW MEXICO

E. L. Feltus
 REGISTERED ENGINEER OR
 LAND SURVEYOR

CERTIFICATE NO. 3084

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BUILDING

DALLAS 1, TEXAS

QUILMAN B. DAVIS
VICE PRESIDENT AND GENERAL ATTORNEY

May 19, 1961

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

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

Gentlemen:

This is to advise that Aztec Oil & Gas Company has no objection to the Commission's authorizing and approving the application of Aspen Crude Purchasing Company, in Case No. 2290, for a non-standard oil proration unit consisting of Lots 1 and 2 and the $SE\frac{1}{4}SE\frac{1}{4}$ of Section 11, Township 28 North, Range 13 West, and a non-standard well location on such unit 263 feet from the north line and 700 feet from the east line of said Section 11 in the Totah-Gallup oil pool, San Juan County, New Mexico.

Yours very truly,

AZTEC OIL & GAS COMPANY

By Quilman B. Davis
Vice President

QBD:NL

cc - Mr. Jack Cooley
Burr & Cooley
413 $\frac{1}{2}$ W. Main Street
Farmington, New Mexico

7.
Case 2290

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
F. B. JOHNNY WALKER
MEMBER



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

1200 RIO BRAZOS ROAD
AZTEC

May 15, 1961

Mr. A. L. Porter
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Re: Non-standard location
Case No. 2290

Dear Mr. Porter:

Aspen Crude Purchasing Company has staked the location of its #1-11 Aspen Crude well 263 feet from the North line and 700 feet from the East line of fractional section 11,28 North, 13 West.

The location is on a narrow ridge. If the location is moved east, west, or south the location would be in a canyon. The attached sketch shows some of the characteristics in the area.

I recommend approval of the location as requested.

Yours very truly

A. R. Kendrick
A. R. Kendrick
Engineer, District #3

ARK:ks

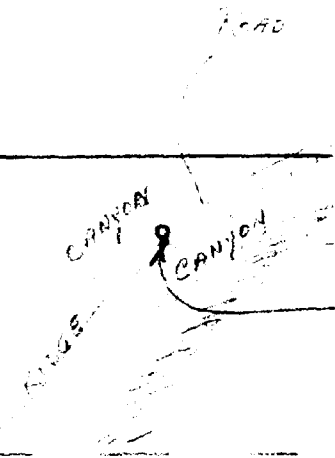
attachment

Ex 6.
Case 2290

28 N 13W

28N 13W

Section 11



Bluff
Aspen Crude Purchasing Co.
Aspen Crude #1-11
263/N 700/E

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

SECTION A.

DATE April 18, 1961

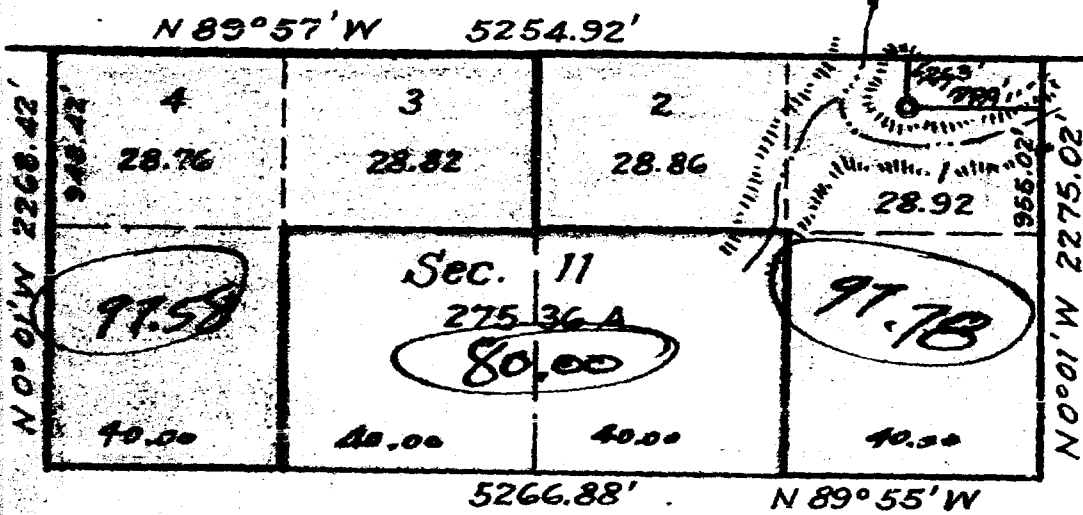
OPERATOR Aspen Crude Purchasing Company LEASE _____
WELL NO. _____ UNIT LETTER _____ SECTION 11 TOWNSHIP 28 N. RANGE 13 W. NMPM
LOCATED 263 FEET FROM North LINE. 700 FEET FROM East LINE
COUNTY San Juan G. L. ELEVATION 5881 DEDICATED ACREAGE _____ ACRES
NAME OF PRODUCING FORMATION _____ POOL _____

1. IS THE OPERATOR THE ONLY OWNER* IN THE DEDICATED ACREAGE OUTLINED ON THE PLAT BELOW? YES _____ NO _____
2. IF THE ANSWER TO QUESTION ONE IS "NO," HAVE THE INTERESTS OF ALL THE OWNERS BEEN CONSOLIDATED BY COMMUNICIPATION AGREEMENT OR OTHERWISE? YES _____ NO _____ IF ANSWER IS "YES," TYPE OF CONSOLIDATION _____

3. IF THE ANSWER TO QUESTION TWO IS "NO," LIST ALL THE OWNERS AND THEIR RESPECTIVE INTERESTS BELOW:

OWNER LAND DESCRIPTION

SECTION B.



Proposed Unit #1 97.78 Acres
" " #2 97.58 Acres
" " #3 80.00 Acres

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 2289/2290

THIS IS TO CERTIFY THAT THE INFORMATION IN SECTION A ABOVE IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

(OPERATOR)

(REPRESENTATIVE)

(ADDRESS)

THIS IS TO CERTIFY THAT THE WELL LOCATION SHOWN ON THE PLAT IN SECTION B ABOVE IS DEDICATED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME UNDER THE SUPERVISION OF THE COMMISSION THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DATE SURVEYED April 14, 1961

FOUR STATES ENGINEERING CO.

FARMINGTON, NEW MEXICO

E. J. Poteat

REGISTERED ENGINEER OR LAND SURVEYOR

CERTIFICATE NO. 3081

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

1201 (4-60)

W. P. MARSHALL, PRESIDENT

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

1961 MAY 24 AM 10 13

LA043 SSJ047

L FRA010 DL PD=WUX FARMINGTON NMEX 24 859A MST=
A L PORTER, NEW MEXICO OIL CONSERVATION COMMISSION=
STATE LAND OFFICE BLDG SANTA FE NMEX=

THE UNDERSIGNED, BEING AN AUTHORIZED REPRESENTATIVE OF THE OFFSET OPERATOR, HAS BEEN DULY INFORMED BY ASPEN CRUDE PURCHASING COMPANY OF ITS APPLICATION FOR AN UNORTHODOX WELL LOCATION IN SECTION 11, T-28-N, R-13-W, SAN JUAN COUNTY, NEW MEXICO, TOTAH GALLUP POOL, WHICH WILL BE HEARD IN CASE 2290 ON MAY 24, 1961, AND HEREBY WAIVES ALL OBJECTION TO THE GRANTING OF THIS UNORTHODOX LOCATION. IT IS OUR UNDERSTANDING THAT THIS LOCATION

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-60)

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

IS 263 FEET FROM THE NORTH LINE AND 700 FEET FROM THE EAST LINE OF SECTION 11 AND IS NEEDED DUE TO ADVERSE TOPOGRAPHICAL CONDITIONS=

T M CURTIS PAN AMERICAN PETROLEUM CORP
FARMINGTON NEW MEXICO==

Ge # 8
v 90

11 T=28-N R=13-W 2290 24 1961 263 700 11=•

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASES 2289 and 2290
Consolidated

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 1-6591

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

CASE 2289 Application of Aspen Crude Purchasing Company
for three non-standard oil proration units,
San Juan County, New Mexico. Applicant, in
the above-styled cause, seeks the establish-
ment of the following-described non-standard
oil proration units in and adjacent to the
Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7,
Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Sec-
tion 7; and

(3) Lots 2, 3 and 4 of said Section 7, and
40.81 acres located between said Section 7 and
Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290 Application of Aspen Crude Purchasing Company
for three non-standard oil proration units
and for an unorthodox well location, San Juan
County, New Mexico. Applicant, in the above-
Consoli- styled cause, seeks the establishment of the
dated following-described non-standard oil prora-
tion units adjacent to the Totah-Gallup Oil
Pool in Section 11, Township 28 North, Range
13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, com-
prising 97.78 acres, to be dedicated to a well
at a non-standard location 263 feet from the
North line and 700 feet from the East line of
said Section 11.

(2) Lots 3 and 4 and the SW/4 SW/4, com-



prising 97.58 acres.

(3) SW/4 SE/4 and the SE/4 SW/4, comprising
80 acres.

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. COOLEY: I move in the interest of time to consolidate
Cases No. 2289 and 2290.

MR. MORRIS: In Case 2289 application of Aspen Crude
Purchasing Company for three non-standard oil proration units. In
Case 2290, application of Aspen Crude Purchasing Company for three
non-standard oil proration units and for an unorthodox oil loca-
tion, San Juan County, New Mexico.

MR. UTZ: For the purposes of testimony, Cases 2289 and
2290 will be consolidated.

MR. COOLEY: W. J. Cooley from Farmington representing the
Applicant. We have one witness.

(Witness sworn.)

THOMAS ALBERT MORGAN,

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

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your name.

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Thomas Albert Morgan.

Q Where do you reside, Mr. Morgan?

A Farmington, New Mexico.

Q By whom are you employed?

A Aspen Crude Purchasing Company.

Q Are you also employed by Aspen Drilling Company?

A That is true.

Q These two companies are owned by the same interests, are they not?

A Yes.

Q Would you state your occupation with Aspen Crude?

A I'm Production Superintendent for Aspen Crude Purchasing Company.

Q In connection with this office, what are your duties?

A I do the geology on our wells, complete the wells and do all the paper work concerning the wells in producing them.

Q What is your educational background?

A I received a B. S. degree in geophysics from the University of Utah in 1957.

Q Do you have any experience with any other oil company other than Aspen Drilling Company?

A Yes. Immediately upon graduation, I went to work for Humble Oil and Refining Company in Odessa, Texas. I worked with Humble for three years and resigned my position with them in February, 1960.

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Q What was the purpose of your resignation?

A To accept an offer with Aspen Drilling Company and Aspen Crude Purchasing Company.

Q In your present position?

A Not immediately.

MR. COOLEY: I move the witness's qualifications in this case be acceptable.

MR. UTZ: They are acceptable.

Q (By Mr. Cooley) Mr. Morgan, do you have a general area map of the area involving the two applications before the Examiner at this time?

A I do.

Q Would you briefly explain what is shown thereon?

A It is a reproduction of the official government map and shows two sections in question; Section 7 and Section 11, both of which are in yellow on the upper left and right of the map.

Q This map is identified as Exhibit 1 in this case, is it not?

A That's correct.

Q Have you also prepared a large scale plat showing the acreage in Section 7?

A I had a registered engineer prepare a plat showing the acreage in Section 7.

Q Explain what is shown thereon.

A The area in red shows the proposed unit number 1 as com-



posed of 108.48 acres. Unit Number 4 in green is comprised of 97.48 acres and 3, in yellow is comprised of 87.50 acres.

Q What physical facts occasioned the necessity for this application?

A Section 7 is an irregular section due to the correction line in the survey.

Q Have you discussed the feasibility of forming the proposed unit with any member of the Conservation Corps?

A Yes, I have.

Q With what member?

A I talked to Mr. Arnold and Mr. Kendrick, and also with the USGS in Farmington and actually they were the ones that came up with the proposed breakdown as it now stands.

Q You consider this to be the most feasible arrangement for the development of the acreage in the Cha Cha-Gallup Pool?

A I definitely do.

MR. COOLEY: Isn't there a letter, Mr. Examiner, from Mr. Al Kendrick or some member of the Aztec Office concerning the acreage in Section 7? I understand there was some correspondence from the Aztec Office in this connection.

MR. UTZ: In regard to 2290.

Q (By Mr. Cooley) Does Aspen Crude Purchasing Company own all the acreage in Section 7, the lease holding acreage in Section 7?

A Yes, we are the operator in all of Section 7.

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Q Does your company own all of the acreage in the proposed non-standard unit number 2?

A No. Humble Oil and Refining Company owns 40.81 acres immediately to the north and adjacent to our acreage.

Q Is there any legal description of this acreage?

A Yes. I do not have it.

Q It is by Meets and Bounds?

A No, not to my knowledge.

MR. COOLEY: I'd like to present a letter from Humble Oil and Refining Company which indicates they concur in this application. The communitization agreement is being formed between the Applicant and Humble Oil and Refining Company. The letter also indicates that they concur in this application.

MR. COOLEY: Will you mark this as Exhibit 4, please.

(Whereupon, Applicant's Exhibit 4 marked for identification.)

Q (By Mr. Cooley) Mr. Morgan, do you have any opinion as to the productivity of Section 7?

A All of 7 is productive.

Q As far as the Cha Cha-Gallup is concerned, do you have any evidence to support this opinion?

A Yes. Generally, the Cha Cha field is a bar sand, which is typical of the non-standards in the San Juan Basin. They do not terminate immediately such as a fault does, and Humble Oil and Refining Company has developed acreage to the north and west of us.



They completed a well in 7-35 of 29-14 -- that's the Navajo Number 12 -- and based on the trend of the field, this well is a pumping well; it is a producer; and based on the trend in the area, it almost assures us of production in all of Section 7.

Q Do you also have in your possession a plat showing the area in Section 11?

A Yes.

Q Would you briefly explain the legend thereon?

A Section 11 of 28-13 is also an irregular section. We have proposed to bring it into three unorthodox units. One is shown in red composed of 97.78 acres. Unit 2, in green, is 97.58 acres; and Unit 3, 80 acres.

Q Does the plat also show the unorthodox locations requested in Case No. 22907?

A It does.

Q Where is that location?

A The unorthodox location is located on Lot 1, Section 11, 263 feet from the North line and 700 feet from the East line.

Q What is the necessity for this unorthodox location?

A It is extremely rugged terrain.

Q Do you have any photographic evidence of the terrain in this area?

A I do.

MR. COOLEY: I ask that this be marked as Exhibit 5.

(Whereupon, Applicant's Exhibit 5

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marked for identification.)

Q (By Mr. Cooley) Will you please approach the Examiner and explain briefly what is portrayed by the picture.

A If I may.

I have taken pictures of the location showing to the north the Pan American production. This shows the area to the east -- it doesn't point it out too well -- immediate beyond this cedar tree there is a tremendous canyon. You can fall about five hundred feet. This is southeast. It shows the area a little better. This is the northeast, also showing the canyon and the Pan American well which is under completion right now. This is the west and south. The canyon runs from northeast to southwest.

Q What is the approximate depth of the canyon, please?

A I estimated about 500 feet.

Q I believe it is in connection with this unorthodox location that the Commission has a letter from its representative, Mr. Al Kendrick, who has been taken to the proposed location and has seen the physical features there involved.

MR. UTZ: Yes, it has.

MR. COOLEY: I ask that it be marked Exhibit Number 6.

MR. UTZ: It is in reference to the unorthodox location only?

MR. COOLEY: Yes. I believe the Commission has a letter from Aztec Oil Gas Company which is the diagonal offset operator to the north of our unorthodox location. This letter is a waiver

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of any objection on the part of Aztec Oil and Gas Company. I ask that the letter be identified as Exhibit Number 7.

(Whereupon, Applicant's Exhibits 6 and 7 marked for identification.)

MR. COOLEY: I have here a telegram from Pan American Petroleum Corporation. This is the district offset operator to the north, addressed to the Oil Conservation Commission, also waiving any objection to our unorthodox location here requested and I ask that that be identified as Exhibit Number 8.

(Whereupon, Applicant's Exhibit 8 marked for identification.)

(Discussion off the record.)

(Back on the record.)

MR. COOLEY: We have no further testimony to present and move the Commission that Exhibits 1 through 8 be admitted in evidence.

MR. UTZ: Without objection, Exhibits 1 through 8 will be entered into the record of this case.

MR. UTZ:

Q Mr. Morgan, with regard to Case No. 2289, all of those units are substantially above standard 80-acre units, are they not?

A Yes, sir. They're all over 80 acres.

Q As a matter of fact, the 108 acres is something like thirty-five and a half per cent over; the 97 acres is something like twenty-one per cent over; and the 87 acres is two per cent over. Is there any way you can split this up so that you have nearer the standard

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units?

A To my knowledge, not without breaking down the various lots intersections.

Q What is the status of the triangle that appears to be the unsurveyed area which lies between Section 7 and Section 36 to the north?

MR. COOLEY: To the best of my memory, I believe that it surveyed and is described by Meets and Bounds. It is not within any one section, but is under lease to Humble Oil and Refining Company.

MR. UTZ: It's not shown on any survey tracts.

MR. BRATTON: Howard Bratton, on behalf of Humble Oil and Refining Company. That is a canyon which Humble came upon and surveyed and obtained an oil-gas lease from the Bureau of Land Management. That is the status of that.

MR. COOLEY: It is under lease from the federal government under Meets and Bounds, is it not?

MR. BRATTON: It is a canyon between the Navajo boundary and the beginning of the public land surveyed to the south of it.

MR. UTZ: Thank you. If you were to extend the division line between Lot 5 and the forty acre tracts, which would be the southwest of the northwest, extend these lines directly north, would it not be possible to form four units rather than three, which would be closer to a standard unit, splitting it at right angles the way we have just been speaking of, into four parts?

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MR. BRATTON: I don't have it figured yet.

MR. UTZ: I did a little calculating on it and the figures I come up with would be 8296, 6986, 6986, and 6984. All of these units would be less than twelve per cent of a standard unit.

A If I may make a statement, according to my knowledge, to the best of my knowledge on engineering studies made on the Cha Cha field, I believe the most desirable feasible spacing would be approximately 110 acres; and I guess this is economic, but considering that, we would be better with three units than four.

Q (By Mr. Utz) You refer to testimony in the spacing records?

A That is information from an engineering report that was made on the Cha Cha field.

Q The spacing order for the Cha Cha field now is 80 acres, is it not?

A Right.

Q What objection would you have to having units nearer 80 acres than the ones you propose?

A Well, drainage-wise, I think we'd be better off like we are, I'd have to look into this thing a little bit more.

MR. UTZ: Thank you.

MR. MORRIS:

Q Mr. Morgan, do you at present have any plans developed far enough to be able to state where your wells will be located in each of these units that you have proposed?

A Yes.

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Q Could you give me those, please?

A We have producing wells in the southeast, one quarter of the south one half of Section 7, which is shown on the plats.

MR. COOLEY: Exhibit 2. The second location has been staked as Lot 2. Depending on the development and so on, the third location will probably be in the northeast one quarter of the southwest one half of Section 7.

Q You don't have the southwest half?

A Yes.

Q Mr. Morgan, from those descriptions that you have given to me, would those three wells adequately drain the three proration units that you are proposing on Exhibit 2?

A To the best of my knowledge, referring again to this engineering report, it would.

Q Would you return to your other exhibit and give me the location which you are proposing with reference to those units?

A The first location is a stake in Lot 1, the second location would either fall in the 80 acre unit -- that would be in the east part of the 40 acre tract.

Q The east 40?

A Yes; and depending on the results of these, the next well would probably be located in Lot 3. This will, of course, depend on the results of the proposed well in Lot 1.

Q These three wells that you have mentioned, the location of those three wells would serve to adequately drain the three pro-



ration units that you have proposed on Exhibit 3?

A Yes. They should adequately drain.

MR. MORRIS: Mr. Morgan, on your application in Case 2290, you refer to a Dakota test which would be staked at a later date immediately adjacent to the unorthodox location that you have requested. I might state for the record that since you did not have a compact location available, this was not advertised and it will not be possible to grant you authority at the present time for that location.

I have no further questions.

MR. COOLEY: No further evidence.

MR. UTZ: Are there any other questions of the witness?

The witness may be excused at this time. Are there any other statements in this case?

MR. BRATTON: On behalf of Humble, as previously pointed out in Case 2289, Humble owns the 40.81 acres in the proposed unit number 3 as designated in the application and as stated in our letter, we are agreeable to the formation of the unit. We have a case coming on this afternoon where we propose to take interference tests in the lease immediately to the north which we believe will confirm our conclusions that one well in this area will drain in excess of eighty acres. We believe, in view of the unusual acreage situation and the royalty situation in this area, that it would be advisable to approve these units as proposed in Case No. 2289.

MR. UTZ: Are there any other statements?

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The case will be taken under advisement.

we will recess until 1:30 P. M.

(Noon recess taken.)

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, 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 machine shorthand and reduced to typewritten transcript under my personal supervision, 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 12th day of June 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas F. Horne
NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 22822280 heard by me on May 24, 1961.

Thomas F. Horne, Examiner
New Mexico Oil Conservation Commission

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