

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
November 17, 1954

IN THE MATTER OF:

CASE NO. 786 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 17, 1954

IN THE MATTER OF:

The application of Great Western Drilling Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order approving the creation of a non-standard gas proration unit in the Blanco-Mesaverde Gas Pool, San Juan County, New Mexico, as an exception to provisions of Order R-110, said unit to consist of W/2 of fractional Section 8 (approximately 167.80 acres, being Lots 3 and 4 and the S/2 SW/4 of said Section), and the W/2 W/2 of Section 17 (approximately 327.80 acres), all in Township 32 North, Range 11 West.

Case No. 786

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. William E. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 786.

F O S T E R M O R R E L L,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

MR. MORRELL: My name is Foster Morrell, Petroleum Consultant, Roswell, New Mexico, appearing on behalf of Great Western Drilling Company in Case 786, for the consideration of the application of Great Western Drilling Company for approval of an unorthodox gas proration unit in the Blanco-Mesaverde Pool,

embracing the west half of fractional Section 8 and the west half, west half of Section 17, Township 32 North, Range 11 West, San Juan County, New Mexico, consisting of 327.80 acres, more or less.

(Marked Great Western's Exhibit No. 1, for identification.)

I have here a map marked Exhibit 1 in Case 786, on which is shown in red, the proposed unorthodox gas proration unit; in yellow the boundary of the adjoining Cox Canyon Unit to the east and the location to the west of gas wells completed to the Mesaverde formation.

Section 8, Township 32 North, Range 11 West is a fractional section, the proposed unorthodox gas proration unit includes Lot 3, or 43.95 acres, and Lot 4, 43.85 acres, and the south half of the southwest quarter, or 80 acres, or a total of 167.80 acres of said Section 8. This acreage, together with the 160 acres described as the west half of the west half of Section 17, comprises 327.80 acres embraced in the unorthodox gas proration unit.

There are three gas wells offsetting the proposed unorthodox gas proration unit to the west. The Great Western Drilling Company No. 1 Decker, located 1850 feet from the south and west lines of Section 7, Township 32 North, Range 11 West. This well was completed for production on March 18, 1954 at a total depth of 5500 feet. Gas is produced from the Mexaverde formation at depths from 4915 to 5591 feet. The initital potential after sand-oil-frac was 2,863,000 cubic feet of gas per day with a shutin pressure of 1015 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. Acreage attributed to the Decker Well No. 1 includes all of fractional Section 7, or a total of 332.27 acres,

and is covered by a communitization agreement 14-08-001-1201 approved by the U. S. Geological Survey.

The Pubco Development, Inc. Well No. 1 Johns, located 1650 feet from the north and east lines of Section 18, Township 32 North, Range 11 West. This well was completed for production September 25, 1953, at a total depth of 5885 feet. Gas is being produced from the Mesaverde formation from depths of 5082 to 5885 feet. The initial potential after shooting was 3,590,000 cubic feet of gas per day with a shutin pressure of 985 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns Well No. 1 is the north half of Section 18.

The Pubco Development, Inc. Well No. 2 Johns, located 1,650 feet from the south and west lines of Section 18, Township 32 North, Range 11 West. This well was completed for production October 31, 1953, at a total depth of 5724 feet. Gas is being produced from the Mesaverde formation from depths of 5038 to 5724 feet. The initial potential after shooting was 4,450,000 cubic feet of gas per day with a shutin pressure of 1032 pounds. Gas is currently being sold from this well to El Paso Natural Gas Company. The acreage attributed to the Johns Well No. 2 includes the south half Section 18, or 316.10 acres, which is covered by a communitization agreement 14-08-001-1161 approved by the U. S. Geological Survey.

As stated heretofore, the Cox Canyon Unit includes all land immediately to the east of the proposed unorthodox gas proration unit. Colorado Oil and Gas Corporation, Denver, Colorado, is the present unit operator of the Cox Canyon unit. By letter of September 23, 1954 to Colorado Oil and Gas Corporation, Great Western Drilling Company requested said Colorado Oil and Gas Corporation to consider

forming an orthodox gas proration unit covering all of fractional Section 8. Such unit would have included the west half of Section 8 held by Great Western and the east half of Section 8 located within the Cox Canyon Unit. By letter of September 29, 1954, Colorado Oil and Gas Corporation advised that they were presently negotiating for the possible transfer of their interest in these lands and were reluctant to commit the east half of said section at that time. I wish to enter as Exhibit 2, the letter of September 23rd, and as Exhibit 2-A the letter of September 29th.

Great Western Drilling Company is aware that pursuant to the terms and provisions of Order R-110, entered by the Oil Conservation Commission of New Mexico, 320 acres has been established for drilling gas wells to the Mesaverde formation in San Juan County, New Mexico; that said 320 acre spacing units shall comprise governmental half sections; and that in the absence of joinder of lands embraced in the Cox Canyon Unit area, Great Western Drilling Company is unable to form orthodox proration units.

Great Western Drilling Company is the present owner and holder of gas rights under an oil and gas lease for fee lands comprising the west half of fractional Section 8, and is the present owner or proposed owner and holder of gas rights under Federal Oil and Gas Lease S. F. 078118 insofar as said lease covers the west half of the west half of Section 17.

In order to protect its interest and equity in the properties involved, Great Western Drilling Company proposes to form the un-orthodox gas proration unit consisting of said west half of said fractional Section 8, and the west half, west half of said Section 17, Township 32 North, Range 11 West, and to drill a gas well on

said unorthodox gas proration unit to be completed in the Mesaverde formation at a location approximately 990 feet from the south and west lines of Section 17, unless topographical conditions would prevent, in which case the location would be made approximately 1,650 feet from the south line and 990 feet from the west line of Section 17.

Great Western Drilling Company has mailed to each of the offset operators a notice of the application to this Commission. In support of this statement, I wish to present as Exhibits 3 and 4, copies of my letters dated November 2, 1954, on behalf of Great Western Drilling Company, to Colorado Oil and Gas Corporation, the east offset operator, and to Sinclair Oil and Gas Company, the south offset operator. Pubco Development, Inc., the offset operator to the west, is fully informed of the application of Great Western and offers no objection to said application. Pubco will either be a partner in the drilling of the well with Great Western Drilling Company or will farm out to Great Western the west half, west half of Section 17.

Your applicant represents that it is prepared to proceed with the drilling of a gas well to the Mesaverde formation, as heretofore described in this testimony, and that said applicant will be deprived of its opportunity to recover its just and equitable share of gas in the gas pool underlying its lands, and waste will occur, unless an unorthodox gas proration unit be approved.

This application has been reviewed with the Regional Oil and Gas Supervisor of the U. S. Geological Survey, who offers no objection to the application as filed with the Oil Conservation Commission. The Supervisor is of the opinion that wells can be located within the Cox Canyon Unit so that the unit may obtain full acreage credit

for each gas well drilled so far as they effect lands in Sections 8 and 17, Township 32 North, Range 11 West.

Great Western Drilling Company respectfully requests that an appropriate order be entered allowing the establishment of the west half of fractional Section 8 and the west half, west half of Section 17, Township 32 North, Range 11 West, N. M. P. M., New Mexico, as an unorthodox gas proration unit in the Blanco-Mesaverde Pool, and approval of the unorthodox well location.

I wish to enter in the record of Case 786, Exhibits 1 through 4, inclusive.

MR. MACEY: Is there objection to the introduction of Exhibits 2, 2-A, 3 and 4, by Great Western? If not they will be received.

Mr. Morrell, how much acreage is in the west half of the fractional Section 8?

MR. MORRELL: In the west half there is 167.80 acres.

MR. MACEY: .80?

MR. MORRELL: That is right.

MR. MACEY: Is the west half of 17 160 acres?

MR. MORRELL: That is correct.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

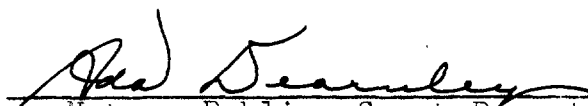
(Witness excused.)

MR. MACEY: Does anyone have anything further in this case? If not we will take the case under advisement.

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

I, ADA DEARNLEY, Court 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.

IN WITNESS WHEREOF I have affixed my hand and notariâl seal this 26th day of November, 1954.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955