

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 7, 1956

IN THE MATTER OF:

Case No. 1027

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
March 7, 1956
Santa Fe, New Mexico

-----)
Application of Kutz Canon Oil and Gas)
Company for an order granting approval)
of a non-standard gas proration unit in)
exception to Rule 6 (a) of the Special)
Rules and Regulations for the West Kutz-)
Pictured Cliffs Gas Pool, San Juan County,)
New Mexico, as set forth in Order R-566-D.)
-----)

Applicant, in the above-styled cause, seeks)
an order granting a non-standard gas prora-)
tion unit of 167.64 acres in the West Kutz-)
Pictured Cliffs Gas Pool, San Juan County,)
New Mexico, consisting of SW/4 of Section)
30, Township 27 North, Range 10 West, San)
Juan County, New Mexico.)
-----)

Case No. 1027

BEFORE:

Warren W. Mankin, Examiner

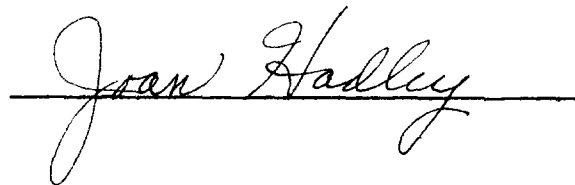
TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case, Case No. 1027, the application of Kutz Canon Oil and Gas Company for an order granting approval of a non-standard proration unit in exception to Rule 6 (a) of the Special Rules and Regulations for the West Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico. The operator has requested by telephone that the case be postponed until the next Examiner Hearing at 10 a.m., March 19, 1956, at Santa Fe, New Mexico.

STATE OF NEW MEXICO)
) ss
COUNTY OF SANTA FE)

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

Dated at Santa Fe, New Mexico this 22nd. day of March, 1956.

A handwritten signature in cursive script, reading "Joan Hadley", is written over a horizontal line.

**BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 19, 1956**

IN THE MATTER OF:

CASE NO. 1027

TRANSCRIPT OF PROCEEDINGS

Application of Kutz Canon Oil and Gas
Company for an order granting approval
of a non-standard gas proration unit in
exception to Rule 6 (a) of the Special
Rules and Regulations for the West Kutz-
Pictured Cliffs Gas Pool, San Juan County,
New Mexico, as set forth in Order R-566-D.

Applicant, in the above-styled cause, seeks
an order granting a non-standard gas proration
unit of 167.64 acres in the West K_utz-Pictured
Cliffs Gas Pool, San Juan County, New Mexico,
consisting of SW/4 of Section 30, Township 27
North, Range 10 West, San Juan County, New
Mexico.

Case No. 1027

Warren W. Mankin, Examiner

EXAMINER MANKIN: The last case on the docket is Case No. 1027, the application of Kutz Canon Oil and Gas Company for an order granting approval of a non-standard gas proration unit in the West Kutz-Pictured Cliffs Gas Pool in San Juan County, New Mexico. This particular case was continued from the March 7, 1956 hearing.

MR. MAXWELL: If it please the Commission, may I enter my appearance on behalf of Kutz Canon Oil and Gas Company, Gilbert Maxwell, Attorney at Law. The original application contained an error in refering to the description of the offset acreage. It gave the wrong township number, and at this time we would like to amend the application and file a new plat.

MR. MANKIN: Might I indicate for the record, Mr. Maxwell, that the advertisement on this case was correct.

MR. MAXWELL: I am informed that it was correct.

MR. MANKIN: In essence your application was correct, it was merely the plat attached thereto that was in error. The actual application as advertised was correct.

MR. MAXWELL: Yes, sir.

MR. MANKIN: Mr. Maxwell, you have not testified before this Commission previously, have you?

MR. MAXWELL: No, sir.

MR. MANKIN: Would you state your position and your connection with the applicant in this case?

MR. MAXWELL: I am secretary to the applicant, and the applicant is a Colorado Corporation. I do most of the legal work for the Corporation and I am familiar enough with the facts so that I may testify. I am an attorney practicing in Denver, Colorado.

MR. MANKIN: Proceed, qualifications accepted.

GILBERT MAXWELL

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

MR. MAXWELL: The application is for approval of a non-standard gas proration unit in the West Kutz-Pictured Cliffs Pool. The tract involved is described as the SW/4 of Section 30, Township 27 North, Range 10 West, in San Juan County. The application is necessary in that the tract exceeds the limits of the automatic approval by the Commission. The tract amounts to 167.64 acres. The tract is located on the west side of the Township and the variation arises from the manner in

which the township line was surveyed. In the tract the NW/4 of the tract consists of 43.79 acres and the SW/4 of the tract consists of 43.85 acres. The composed unit consists of all of the SW/4 and it is a single governmental quarter section within that section. The proposed tract can be presumed to be productive of gas and the applicant has drilled upon the tract a well to the Pictured Cliffs formation. The well was completed in November of 1955 and had a test production at that time of 3,400,000 feet a day. The well has not been connected at the present time, but I understand that the work involved in connecting it is now underway. The well is known as 4-M and its location is shown on the plat which is a part of the original application. The offset acreage ownership is shown on the amended application. Kutz Canon, of course, hold the rights to the SW/4 of the tract, and it also holds the rights to the NE/4 of the tract. The remainder of the section, the SE/4 and the NW/4, the operators are the New Mexico Western Oil and Gas, Western Natural and Three States and Pacific Northwest Pipeline Corporation. The N/2 of Section 31, immediately south of the tract, is now---the operator---El Paso Natural Gas as the operator of the Huerfano Unit. The NE/4 of Section 36, the operator is New Mexico Western Oil and Gas and as to the W/2 of Section 25, in Township 27 , Range 11 West, the lessee and the operator is British Amercian. I do not believe that any wells have been drilled over in that township. Notices were given by Kutz Canon by registered mail in compliance with the rules of the Commission to all of these persons. The well itself known as 4-M is located 790 feet from the South line and 900 feet from the West line of the unit.

MR. GURLEY: That is the well which you intend to dedicate this acreage to?

MR. MAXWELL: Yes, sir. The well has been drilled and completed and ready for production.

MR. MANKIN: Mr. Maxwell, this particular well in question is known as the Kutz No. 4-M, that is the proper name.

MR. MAXWELL: Yes, sir, Kutz 4-M is the proper name.

MR. MANKIN: And that is a federal lease?

MR. MAXWELL: Yes, sir.

MR. GURLEY: You didn't mention that in your original application, did you?

MR. MAXWELL: I refer to it.

MR. UTZ: Mr. Maxwell, are the royalty working interest owners common under this SW/4 of Section 30? Insofar as the Kutz Canon Unit---the Huerfano Unit is-----

MR. MAXWELL: It has not been included in the Huerfano Unit, no, sir.

MR. UTZ: The original question was, are the royalty working interest owners common in this quarter section?

MR. MAXWELL: Kutz Canon is the record owner, title owner and operator. I believe Madeline Gault has the royalty interest. A 2% overriding interest.

MR. UTZ: Then they are common in that quarter section.

MR. MAXWELL: Yes, sir.

MR. UTZ: You said that this was not a part of the Huerfano Unit?

MR. MAXWELL: No, sir.

MR. UTZ: Therefore it would not be in the participating area?

MR. MAXWELL: No, sir.

MR. MANKIN: Were there any plans for including this in the Huerfano Unit? Has it been suggested to the operator, El Paso Natural Gas Company? Or does Kutz Canon anticipate operating it-----

MR. MAXWELL: Kutz Canon intends to operate it by itself.

MR. MANKIN: Are there any further questions of the witness in this case? In your amended application, which included the plat, did you wish to introduce that plat in evidence?

MR. MAXWELL: It is attached to the amended application and therefore a part of the record.

MR. UTZ: There were a number of errors in the original application, did you wish to withdraw those from the original application or make the correction on it?

MR. MAXWELL: I did that by means of the amended application.

MR. MANKIN: Mr. Maxwell, to clarify the record again, the essence of your application was properly advertised as indicating that the unit requested was the SW/4 of Section 30, Township 27 North, Range 10 West, San Juan County, New Mexico, and was advertised as such and was on the docket as such, however, included with your application was certain offset owners and which the township was incorrect and also the owners had changed since the notification. So actually as far as the actual advertisement, it was proper, that is Township 27 North, Range 10 West, San Juan County. So I think--let the record show that even though you put in an amended application, the only thing that changed was in regard to the offset owners, and the description of the land involved.

MR. MAXWELL: Yes, sir.

MR. MANKIN: If there is nothing else we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

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

Dated this 24th day of April, 1956.

Joan Hadley