

OK to
approve
10/19/56
WWR

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 10-19-56

CASE 1120

Hearing Date 10-19-56

My recommendations for an order in the above numbered cases are as follows:

I recommend that this application be approved. Due to the highly lenticular sand characteristics of the Pictured Cliffs the San Juan Basin and particularly in this area we could well denude the applicant the right to recover his just share of the reserves in place under his lease. The fact that the proration formula is 75% to deliverability also aggravates the likelihood of his not receiving his share of Gas. Also, Southern Union has already asked for and received exceptions to R-794. Also we have 80 spacing in the SE with no set pattern.


Staff Member

JASON W. KELLAHIN
ATTORNEY AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 597
SANTA FE, NEW MEXICO
TELEPHONE 3-9396

July 26, 1956

*Case # 1120
Sent copy to
subject to
Jason W. Kellahin
on 7/20/56*

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

Re: Application of Gunsite Butte
Uranium Corporation - Non-
Standard Location Tapacito-
Pictured Cliffs Pool

Attention: Mr. Warren W. Mankin

Gentlemen:

This is to request a continuance to a later date of the hearing on the above-captioned matter, which is presently set for consideration before an examiner on August 7, 1956, at 10:00 A.M.

Due to an additional development which is now underway in the area involved in the above-captioned application, it is believed that additional information will become available which would be helpful in considering this matter.

Since Southern Union is possibly interested in this application, I am sending them a copy of this letter.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

JWK:lb

cc: Southern Union Gas Company

LEGAL DEPARTMENT

WILLIS L. LEA, JR.
GENERAL ATTORNEY

SOUTHERN UNION GAS COMPANY

BURT BUILDING
DALLAS 1, TEXAS

A. S. GRENIER
MILLARD F. CARR
JACK HERTZ
WM. S. JAMESON
JAS. R. WETHERBEE

October 11, 1956

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

Re: Case No. 1120

Gentlemen:

We are in receipt of your notice that the above case will be heard before Warren W. Mankin, Examiner, at Santa Fe on October 19, 1956. The case involves the application of Gunsite Butte Uranium Corporation for an unorthodox gas well location in the Tapacito-Pictured Cliffs Gas Pool, their specific proposal being to drill a well in the NW $\frac{1}{4}$ of Section 3, Township 25 North, Range 3 West, Rio Arriba County, New Mexico, rather than in the NE $\frac{1}{4}$ of said section as contemplated by paragraph (4) of the Special Rules and Regulations for said pool set forth in the Commission's Order No. R-794.

Southern Union Gas Company, as the Commission has been advised, has an existing well located in the SW $\frac{1}{4}$ of the section referred to above, and has numerous other wells located elsewhere in the same field. Generally speaking, it has been our Company's feeling that exceptions to the Commission's well-spacing orders should not be granted except when good and compelling reasons therefor are shown. In the present instance, we are not sufficiently informed to know whether such justifying reasons do or do not exist. We feel confident, however, that before granting the exception requested the Commission will fully inform itself as to all factual matters involved, and we therefore are making no formal protest to the application.

Very truly yours,

A. S. Grenier

ASG:FG

cc: Gunsite Butte Uranium Corporation

Mr. J. C. Reid

Mr. A. M. Wiederkehr