

BEFORE THE  
OIL CONSERVATION COMMISSION  
JANUARY 22, 1959

IN THE MATTER OF:

APPLICATION OF EL PASO NATURAL GAS PRODUCTS COMPANY,  
CASE 1586

TRANSCRIPT OF HEARING

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BEFORE THE  
OIL CONSERVATION COMMISSION  
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IN THE MATTER OF:

Application of El Paso Natural Gas Products  
Company for two non-standard oil proration  
units and for two unorthodox well locations.  
Applicant, in the above-styled cause, seeks  
an order authorizing the establishment of a  
34.12 acre non-standard oil proration unit  
in the Horseshoe Gallup Oil Pool consisting  
of that portion of the SW/4 NW/4 and that  
portion of the NW/4 NW/4 of Section 33,  
Township 31 North, Range 16 West, San Juan  
County, New Mexico, lying within the Ute  
Mountain Indian Reservation, said unit to be  
dedicated to a well to be located 1470 feet  
from the North line and 4190 feet from the  
East line of said Section 33. Applicant  
further seeks establishment of a 37.33 acre  
non-standard oil proration unit in the  
Horseshoe Gallup Oil Pool consisting of  
that portion of the SW/4 SW/4 and that por-  
tion of the NW/4 SW/4 of Section 33 lying  
within the Ute Mountain Indian Reservation,  
said unit to be dedicated to a well to be  
located 1172 feet from the South line and  
4250 feet from the East line of said Sec-  
tion 33. Applicant further seeks approval  
of these unorthodox locations for said wells.)

Case 1586

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BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The next case on the Docket will be  
Case 1586.

MR. PAYNE: Case 1586: Application of El Paso  
Natural Gas Products Company for two non-standard proration units  
and for two unorthodox well locations.

MR. NUTTER: Off the record.

(Discussion off the record.)

MR. SPANN: In behalf of the Applicant, El Paso Natural Gas Products Company, and referring to the application which concerns the southwest quarter of the southwest quarter (19.12 acres) and that portion of the northwest quarter southwest quarter lying within the Ute Mountain Indian Reservation (18.21 acres), Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, I would like to amend that application and attach as Exhibit A a plat showing a new location of the well to be drilled in that non-standard unit, and I hand the Commission the copies.

MR. NUTTER: Mr. Spann, what was the original location for the subject well?

MR. SPANN: As contained in the plat attached to the original application and which is, of course, described in your notice.

MR. NUTTER: That will be a well 4250 feet from the East line and 1172 feet from the South line of Section 33?

MR. SPANN: That is correct.

MR. NUTTER: You are now amending that application by attaching an alternate plat showing a well located 4500 feet from the East line and 650 feet from the South line of Section 33?

MR. SPANN: Thirty-three, that is correct. With reference to the application that concerns the southwest quarter of

the northwest quarter (17.52 acres) and that portion of the northwest quarter northwest quarter lying within the Ute Mountain Indian Reservation (16.60 acres), Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, I would like to amend that and attach as Exhibit B a plat showing an alternate location which is 4470 feet from the East boundary and 1980 feet from the North boundary and which are, of course, more fully described in these exhibits.

MR. NUTTER: Is there objection to the amendment of the application by attachment of the Exhibits A and B to the two applications?

MR. SPANN: I would also like to ask if there is objection to the notice having reference to the prior location as contained in the original?

MR. BRATTON: Howard Bratton, of Hervey, Dow and Hinkle, appearing on behalf of The Atlantic Refining Company. We have no objection to the amendment of the application to the new location as designated.

MR. NUTTER: Is Atlantic offset operator?

MR. BRATTON: Atlantic is offset operator to the immediate west of both wells.

MR. ANDERSON: John Anderson of the United States Geological Survey, Roswell, New Mexico. We have no objection to the amended locations.

MR. NUTTER: Thank you. The Examiner would also

like to call attention to the fact this case was advertised with the pool designation in error. The pool is commonly referred to as Horseshoe Canyon Pool. The application was for the Horseshoe Gallup Pool; the advertisement of the subject case listed it as the Horseshoe Canyon, which is the commonly used terminology for the pool. Is there objection to correction in the record at this time to designate this as Horseshoe Gallup rather than the Horseshoe Canyon? The record will show this is the Horseshoe Gallup Pool.

MR. SPANN: I'd like to call Mr. Jim Vandiver.

(Witness sworn.)

JAMES C. VANDIVER

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

DIRECT EXAMINATION

BY MR. SPANN:

Q Would you state your name, please?

A James C. Vandiver.

Q By whom are you employed?

A El Paso Natural Gas Products Company.

Q How long have you been employed by that company?

A Some five years, approximately five years.

Q And what is your official position or capacity with that company?

A I'm division landman in Farmington, New Mexico, over

the San Juan Division.

Q And what is your educational background qualification?

A In 1949 I entered the University of South Dakota. I graduated in 1954 with a Master of Science Degree in Business Administration and a Bachelor of Law Degree in Law.

Q Are you familiar with the applications filed by El Paso Natural Gas Products Company, two such applications, and which concern non-standard oil proration units and unorthodox locations in the Horseshoe Gallup Pool?

A These applications were filed by me on behalf of El Paso Natural Gas Products Company.

Q Directing your attention to the application which I will describe as concerning the location of the southwest quarter of the southwest quarter (19.12 acres) and that portion of the northwest quarter southwest quarter lying within the Ute Mountain Indian Reservation (18.21 acres), Section 33, Township 31 North, Range 16 West, San Juan County, New Mexico, you are familiar with that application as you stated?

A Yes, sir.

Q And have attached to the application an amended location of your proposed well. Now, would you state to the Commission why the well was located in that position?

A At first we had located the well here (indicating), but we amended this so as to give an ideal location here as to development on the strip.

MR. SPANN: Excuse me, you are referring to an exhibit which I would like marked as Exhibit One.

(Whereupon the document above referred to was marked Applicant's Exhibit One for identification.)

Q (By Mr. Spann) I'd like to withdraw that question I asked you and refer to this exhibit for a moment, Mr. Vandiver. What does that Exhibit One show?

A Exhibit One shows the ownership in this immediate area where we have made application. It also shows the Navajo Lands, the Federal Lands and the Ute Mountain Tribal Lands; it shows our proposed units on our application here and here (indicating) and shows the offset operator to the proposed location.

Q The tracts with which we are here concerned are the ones marked in yellow, I take it?

A They are.

Q Those are what you've been pointing to, and the locations are within those tracts, the original proposed location and the new location as contained on the amended plat?

A The original location is noted by a circle with a "P" in the center; the alternate locations are shown by a circle with a cross or "X" in the center.

Q Now, would you just state why, what was the cause or result of these locations and what you contemplate concerning the operation of that acreage?

A Well, we changed or asked for the amended location

because we think that is the ideal location for proper development along the strip there between the units and the Navajo Lands with the possible future communitization of these lands either on 40 or probably on 80 acres.

Q No definite communitization agreement has been obtained?

A No, no definite communitization agreement has been entered into between the respective companies.

Q What is El Paso's position concerning communitization?

A El Paso is willing to communitize our acreage with that of the offset operator, Atlantic Refining Company, on a 40-acre basis.

Q The plat shows these tracts are contiguous, is that correct?

A Yes, sir, they are contiguous.

Q Now, does that Exhibit One also show the development in that area up to date?

A Yes, sir. Exhibit One shows the majority of your development in the Horseshoe Gallup Field has been on a 40-acre-spacing pattern. However, there is some development in the field on an 80-acre pattern.

Q At least your development to date has been on 40 acres?

A All of our development has been on a 40-acre pattern.

Q And I assume you have reason to believe these locations will be productive of oil?



A We do.

Q As based upon the other development, I take it, in the area and your exploration?

A That is right.

Q Now, you have notified all of the adjoining operators of the hearing, I take it?

A Yes, sir. Atlantic Refining Company was the only offset operator, and they were duly notified of this application.

Q Is there any alternative in this development except as you have requested or applied for here under the present circumstances?

A No, sir, not that I know of.

Q I believe those locations were, the last locations were made with the agreement through and agreement with Atlantic, is that right?

A Yes, sir.

Q With the contingency in view there may be communitization later?

A Yes, sir.

MR. SPANN: That is all. Does the Commission have any questions?

MR. NUTTER: Any questions of Mr. Vandiver?

CROSS EXAMINATION

BY MR. PAYNE:

Q Are these two proposed units actually in the Horseshoe

Gallup Pool?

A Part of it, yes, sir; on one application, part of the lands are within the Horseshoe Gallup Pool, the other they are not.

Q All would be within one mile, though?

A Yes, sir.

EXAMINATION BY MR. NUTTER:

Q What is the total amount of acreage in the proration unit located in the southwest quarter of Section 33, the proposed proration unit?

A In the southwest?

Q That is the southernmost unit?

A 18.69 acres plus 18.90; it would give about 37.59, I think.

Q What is the acreage contained in the northernmost proposed proration unit?

A That is 18.23 acres plus 19.35, which would be 37.58.

Q Mr. Vandiver, this, the acreage as described on the exhibit is also somewhat different from the acreage which was on the original exhibit and the application?

A Yes, sir. There was an error in survey. We had it resurveyed.

MR. NUTTER: Mr. Spann, you wish your amended exhibits to also cover the correction?

MR. SPANN: I certainly do; I wasn't aware of that.

Q (By Mr. Nutter) Mr. Vandiver, considering the acreage that El Paso is the owner of, are the proposed prorations units as near as possible that El Paso could devise to come to the presently existing 40-acre rules for this pool?

A Yes, sir.

Q Are the locations of the wells as amended here today more ideally located insofar as the presently existing 40-acre spacing is concerned than the original locations are concerned?

A We think so, yes, sir.

Q Especially in the event of possible communitization of the tracts with the offsetting acreage to the west?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Vandiver?

MR. SPANN: Mr. Nutter, I would like to let the record also show the acreage as shown on Exhibit One is incorrect and varies from the last exhibit we attached to the plat, and the last plat is the correct plat as to acreage.

MR. NUTTER: The record will so show, Mr. Spann. Any further questions of Mr. Vandiver? If not, he may be excused.

(Witness excused.)

MR. SPANN: I believe that is all.

MR. NUTTER: Anyone have anything further they wish to offer in this case? Mr. Spann, you wanted to introduce Exhibit One in this case?

MR. SPANN: Yes, excuse me. Perhaps I should qualify

Mr. Vandiver. Let me ask a question or two about that.

JAMES C. VANDIVER

recalled as a witness, having been previously sworn, testified further as follows:

REDIRECT EXAMINATION

BY MR. SPANN:

Q You are familiar with Exhibit One, Mr. Vandiver?

A I am.

Q Was it prepared by you or under your direction?

A It was.

MR. SPANN: I'd like to tender it in evidence.

MR. NUTTER: Is there any objection to the introduction of El Paso's Exhibit One in this case? Exhibits A and B the record will show are attached to the application.

MR. SPANN: They were attached, yes.

MR. NUTTER: Does anyone have anything further they would like to offer in Case 1586? If not, we will take the case under advisement, and the hearing is adjourned.

(Whereupon the hearing was adjourned at 10:45 A.M.)

STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO)

I, JOHN CALVIN BEVELL, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me; that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS, my Hand and Seal this 23rd day of January, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*John Calvin Bevell*  
 NOTARY PUBLIC

My Commission Expires:  
 January 24, 1962

**ILLEGIBLE**

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1586 heard by me on 1-22, 1959.

*Sanford D. ...*, Examiner  
 New Mexico Oil Conservation Commission