

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1597

TRANSCRIPT OF HEARING

Feb. 19,
~~January 19,~~ 1959

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE NEW MEXICO
Phone CHapel 3-6691

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1597 Application of the Atlantic Refining Company
for an order promulgating temporary special
rules and regulations for the Horseshoe-
Gallup Oil Pool in San Juan County, New
Mexico. Applicant, in the above-styled
cause, seeks an order promulgating tempo-
rary special rules and regulations for the
Horseshoe-Gallup Oil Pool in San Juan County,
New Mexico, to provide for 80-acre proration
units in said pool.

Mabry Hall
Santa Fe, New Mexico
~~January 19, 1959~~

February 18,

BEFORE:

A. L. Porter
John Burroughs

TRANSCRIPT OF HEARING

MR. PORTER: Let's go back on the record.

At this time, we will call Case 1597.

MR. PAYNE: Case 1597, "Application of the Atlantic Refining Company for an order promulgating temporary special rules and regulations for the Horseshoe-Gallup Oil Pool in San Juan County, New Mexico."

MR. PORTER: Mr. Verity?

MR. VERITY: May it please the Commission, George Verity appearing for Petro-Atlas. At this time, I would like to move that the matter be continued until such time as the Commission has made its determination in the application of El Paso Products

Company for a declaration in the Horseshoe Canyon Pool as to common sources of supply, and in support of this motion, your honor, we feel that it is impossible for the Commission to intelligently hear a spacing application on a pool wherein the engineers that are going to present testimony on it don't know whether it is twenty feet thick or roughly thirty to forty feet thick. The thickness of a sand body does determine whether or not one well will efficiently and economically drain 80 acres. If it were purely a matter of physics and no economics entered into it, you might make a determination here as to whether or not one well would drain every driplet of oil out of an 80-acre tract, but we are not speaking purely of a physical formula here, but rather economics enters into it and I submit that this Commission cannot intelligently listen to economics and economic theories with regard to drainage when they don't know what the thickness of this sand body is going to be, and certainly if we don't know whether we are talking about one or two common sources of supply here, then we don't know the thickness of either one of them. Until we know that, well, it's absolutely impossible for Petro-Atlas to know what their position is in this case, until such time as they have that information and that cannot be known until the Commission makes its determination.

MR. HINKLE: If the Commission please, Atlantic is opposed to the continuance of this case. We are prepared, we have the witnesses, its been advertised for the hearing today, we want to

to ahead with it. I see no inconsistency of the Commission considering the case which we have just been through in the 80-acre spacing. In fact, I think it is a good time for the Commission to have it under consideration, have both of them under consideration at the same time. I don't see any inconsistency in it at all. It is a matter of determining whether one well will effectively and efficiently drain 80 acres and that doesn't make any difference whether the area that's going to be drained is in two separate intervals or in one sand thickness. That's the only question involved in my mind, I don't think that it ought to be continued.

MR. BUELL: May it please the Commission, Pan American Petroleum Corporation is opposed to the motion for continuance. We don't feel the application is premature; actually, it is about a year and a half late because, unfortunately, we have already drilled some 40-acre wells. We would like to get this matter resolved now so that we will not have to drill any more unnecessary wells. We have an active development program commencing in the field now and we would like to have the issue resolved.

MR. VERITY: Your honor, I would like to underscore again and say that you don't know whether you can efficiently drain 80 acres or 40 acres. You are talking about which is the most efficient from an economic standpoint and if you don't know what your reservoir is going to produce, then you can't come up with intelligent formula as to whether or not 40 acres or 80 acres is the most efficient from the standpoint of economics in drainage.

Your honor, I would like to underscore that again.

MR. HINKLE: I don't agree with the statement that you don't know what it's going to produce. I think everybody knows what it's going to produce from the reservoir, whether you call it two reservoirs or one reservoir.

MR. VERITY: Mr. Hinkle, if you've got two reservoirs--if you don't know whether there are two reservoirs or one reservoir, you don't know what it's going to produce. If your engineer doesn't know whether he is talking about just this Zone A or Zones A and B, he certainly can't tell you what Zone A is going to produce.

MR. PORTER: The Commission has decided to continue this case to the regular March docket, by which time we will have an order out on Case 1596. In all fairness, I think that I erred in having the two cases advertised for the same docket. We feel that we cannot determine whether one well will efficiently and economically drain a certain area in the pool until we know what pool we are talking about or whether we are talking about one pool or two pools, so this case will be continued to the regular March docket.

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing were reported by me in Stenotype at the time and place aforesaid; that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

I FURTHER CERTIFY that I am not employed by or related to any attorney or party of interest in this matter; and, further, that I have no financial interest in the outcome thereof.

DATED this 6th day of March, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires:

January 24, 1962