

approval of an unorthodox location in)
 the Blanco-Mesaverde Gas Pool for its)
 Thompson Well No. 6, to be located in)
 the SE/4 of Section 28, Township 31)
 North, Range 12 West, San Juan County,)
 New Mexico.)

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. CAMPBELL: Mr. Examiner, I realize that I had not expected to be here at this hour, unless Examiner or other parties have made a change in their plans, based on my original thought I would like to go ahead with this case in its regular order. Of course, a change in plans has been made, I will wait until the end.

MR. NUTTER: It was my impression that Case 1962 will take more than an hour.

MR. CAMPBELL: I expect it will.

MR. NUTTER: The applicants in Cases 1963, 1964, 1965 stated it would take about five minutes to get their cases off.

MR. CAMPBELL: All three of them?

MR. NUTTER: Yes.

MR. CAMPBELL: That's going to break a record.

MR. NUTTER: We'll see how well Warren keeps his word.

MR. PAYNE: Case 1963. Application of Aztec Oil & Gas Company for an unorthodox gas well location and for approval of two non-standard units.

MR. WHITE: L. C. White. If the Examiner please, Charles



White of Gilbert, White and Gilbert of Santa Fe, appearing as resident counsel for the applicant. I have associated with me Mr. Kenneth Swanson, attorney of the Texas Bar, who will present the case. If the Examiner please, we would like to have, for the purposes of the hearing, Cases 1963, 1964, 1965 consolidated.

MR. NUTTER: Without objection these three cases will be consolidated for hearing.

MR. WHITE: Our appearances will be the same for all three cases.

MR. SWANSON: We have only one witness to testify in these three cases, Mr. Warren Mankin.

(Witness sworn.)

WARREN W. MANKIN

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

DIRECT EXAMINATION

BY MR. SWANSON:

Q Mr. Mankin, would you state your full name, please?

A Warren W. Mankin.

Q By whom and in what capacity are you employed?

A By Aztec Oil & Gas Company as Chief Engineer in Dallas, Texas.

Q Have you previously testified before the New Mexico Oil Conservation Commission?



A I have.

Q And your qualifications been accepted?

A They were.

MR. NUTTER: They still are.

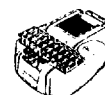
MR. SWANSON: These three cases involve applications by Aztec for unorthodox well locations under the Blanco-Mesaverde Field rules wherein each well will be located in the Southeast rather than the Northeast Quarters of the respective sections. We are also requesting non-standard drilling and proration units with respect to the wells. In support of the applications, one consolidated exhibit has been prepared. This is now offered for examination and will be offered in evidence when the witness has concluded his testimony.

Q Mr. Mankin, did you prepare Aztec's Exhibit A?

A Yes, sir.

Q Will you please explain what this exhibit is intended to show?

A This Exhibit A is a plat which covers a portion of the area in Township 31 North, Range 12 West, San Juan County, New Mexico. The blue color, which is predominant here, designates Aztec's lease acreage adjoining and in the area of the three tracts which are the subject matter of our applications. The half sections outlined in yellow are the drilling units for the three wells involved in these hearings. They are the East Half of Section



15, Section 22 and Section 28, all in Township 31 North, Range 12 West, San Juan County, New Mexico.

The well locations have been plotted and they're shown by encircled scarlet dots and circles. First, the Richardson 7 is in Section 15 and it has been established at a location 1720 feet from the South line and 1610 feet from the East line of the section which puts it in Lot No. 6. The location for the Richardson No. 6 is 1650 feet from the South line and 990 feet from the East line of Section 22, which puts it in Lot No. 9; although the Thompson No. 6 will be located in Section 28, it has not been established as yet, but it is anticipated it will be in the Southeast Quarter of the section, probably in the Northwest portion of the Southeast Quarter.

Also shown are the wells drilled to the Mesaverde formation shown by a circle with a spoke type symbol, and in one instance a Dakota well is shown. The Mesaverde wells are represented by this conventional gas symbol and are circled in scarlet circles.

Q The Dakota well is in Section 5 and it's in a box symbol?

A The Dakota well is our No. 5 Thompson. It's shown in the Southeast Quarter of Section 3 and it is a box.

Q Why are these unorthodox locations being requested?

A These three locations are in an area where the surrounding wells were drilled some ten years ago in what is known as the

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La Plata area. These old wells were drilled prior to the establishment of field rules for this area and drilled on a Northwest-Southeast pattern.

Aztec proposes to follow this pattern in drilling the inside locations, in each instance if a standard location were made in in the Northeast Quarter clusters of three or possibly four wells would result, leaving no well on the South Half of the section involved to drain that part of our acreage.

Q In your opinion would standard locations as provided in the present rules effect efficient drainage of the South Half of these sections?

A I certainly believe they would. This fact, of course, is recognized in the Commission's rules which provide for wells in diagonal corners of each section. We are actually conforming with this general plan of development by making diagonal locations with respect to the existing wells. The locations which are the subject of these three applications would provide for more efficient drainage, thereby preventing waste, and would conform to the existing well spacing pattern for this particular area of the Blanco-Mesaverde Gas Pool.

Q To what formation will these wells be drilled?

A Each of the three wells is proposed to be drilled to a depth sufficient for a completion as a dual producer in the Mesaverde and Devonian. Drilling commenced on six which is in

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Section 22 at about the time that the applications were filed. It was originally scheduled to be drilled as a Dakota test. We have decided to attempt a dual completion in the Mesaverde.

Q Would you describe the gas proration units for each well, please?

A We propose to dedicate the East Half of Section 22, containing 297.04 acres to the Richardson 6. The unit for the Richardson No. 7 will be the East Half of Section 15 containing 309.55 acres. The Thompson No. 6 will have the East Half of Section 28 containing a standard 320 acres as the standard proration units.

Q Why do the Richardson 6 and 7 contain less than the normal 320 acres?

A This is because of the variance in the U. S. Public Land Surveys, an independent resurvey.

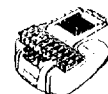
Q In your opinion is there any reason to believe that any of the acreage to be assigned to the units would not be productive of gas?

A No, all three of these units are surrounded by productive Mesaverde wells. It might be noted that the Dakota development has not been as intensive as that of the Mesaverde, although there is Dakota production in the area. In my opinion both Mesaverde and Dakota production can be easily expected to be productive in all three units.

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Q Does any operator other than Aztec own an interest in these sections in Section 15 or in the offsetting acreage offsetting the East Half?

A No, Aztec is the only operator offsetting these units.

MR. SWANSON: At this time we would like to ask for admission of our Exhibit A into evidence and its incorporation in the record of these cases.

MR. NUTTER: Aztec's Exhibit A will be admitted.

MR. SWANSON: Will three copies be sufficient for you?

MR. NUTTER: We will have to have two in each case.

MR. SWANSON: I have no further questions of the witness.

MR. NUTTER: Does anyone have any questions?

MR. PAYNE: Yes.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q I need to have a description of each of the well locations at least by quarter, quarter section.

A Yes. Richardson No. 6, as I have indicated previously, is located 1720 feet from the South line and 1610 feet from the East line. It is actually located in Lot 9. That would normally be what is called the Northeast of the Southeast Quarter. The Richardson No. 7 is located 1720 feet from the South line and 1610 from the East line of Section 15 in Lot 6, what would normally be



known as the Northwest Quarter of the Southeast Quarter. And on the Thompson No. 6 we do not have a definite location as yet. Those would be standard quarter, quarter sections. We do not know yet on the basis of topography whether it would be in the Northwest of the Southeast or whether it would be in the Southeast or Southeast of Section 28. That location has not been established as yet.

Q What is sometimes necessary for us to do, Mr. Mankin, in cases where it hasn't been established, is to hold the order until such time as you can give us the location and then issue the order, because in an order approving a non-standard location it has to be set out in the order what the location is.

A We could state for the record at this time that the well will be a standard as to the outer boundaries of the unit. It would not be closer than 790 feet from the outer boundary of the unit.

Q It would only be non-standard --

A As it's in the improper quarter section.

MR. NUTTER: It is a standard location in a non-standard location.

A Yes, we feel that by aerial photographs we can meet not closer than 790 of the outer boundary of the proration unit, or the drilling unit.

Q Is there a second Mesaverde well in Section 27 on your plat?



A No, sir, there has not one been drilled. We anticipate when that would be drilled that we would drill it on pattern.

MR. NUTTER: In the Northeast Quarter of the section?

A Yes. And stay as far away as possible from other wells.

Q Any other Mesaverde wells in?

A No. It would be drilled in standard pattern.

Q No Mesaverde well in the North Half of Section 33?

A No. We first attempted, thought we would make a dual completion, but we did not. The Mesaverde is there but we did not dually complete it.

Q If the second well was to be drilled in Section 34, it would also be on pattern?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Mankin? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further?

MR. SWANSON: Yes. Wouldn't it be possible to expedite action on this application, and in that regard we would like to request to give this proper attention and notify us by collect telegram at our Dallas Office of the approval of the application.

MR. NUTTER: Yes, sir, we will expedite it as quickly as we can. Does anyone have anything for Cases 1963, 1964, 1965? We will take the case under advisement and recess until one-thirty.

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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 notarial seal
 this day of May, 1960.

Ada Dearnley
 Notary Public-Court Reporter

My commission expires:

June 19, 1963.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Examiner hearing of Case No. *1963, 1964, and 1965*
 heard on *5/11*, 1960.
[Signature], Examiner
 New Mexico Oil Conservation Commission

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