

BEFORE THE  
OIL CONSERVATION COMMISSION  
September 21, 1960

Examiner Hearing

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IN THE MATTER OF:

Application of El Paso Natural Gas Company  
and Sinclair Oil & Gas Company for two non-  
standard gas proration units. Applicants,  
in the above-style cause, seek an order  
establishing two 191-acre non-standard gas  
proration units in the South Blanco-  
Pictured Cliffs Gas Pool, Rio Arriba  
County, New Mexico, one comprising the  
NE/4 and lots 1 and 2 of Section 18, the  
other comprising the SE/4 and lots 3 and 4  
of said Section 18, both in Township 24  
North, Range 3 West. Said units are to be  
dedicated respectively to the Tonkin  
Federal Well No. 3, located 1770 feet from  
the North line and 1750 feet from the East  
line of said Section 18 and to the Tonkin  
Federal Well No. 4, located 1500 feet from  
the South line and 990 feet from the East  
line of said Section 18.

CASE NO.  
2077

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BEFORE:

Daniel S. Nutter, Examiner.  
Oliver E. Payne

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Next case will be 2077.

MR. PAYNE: Case Number 2077, Application of El Paso  
Natural Gas Company and Sinclair Oil & Gas Company for two non-  
standard gas proration units.

MR. HANNAS: Fred Hannas from Santa Fe, representing the  
El Paso Natural Gas Company. Mr. Garrett C. Whitworth will present



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the testimony.

MR. WHITWORTH: We have one witness, Mr. G. C. Hickson to be sworn.

(Witness sworn.)

GERALD C. HICKSON

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Will you please state your full name and by whom you are employed and in what capacity?

A Gerald A. Hickson, El Paso, proration engineer.

Q Have you previously qualified as an expert witness before this Commission?

A No, sir.

Q Would you briefly state to the Examiner your scholastic training, your experience?

A I graduated as a Petroleum Engineer from Texas Tech in Lubbock, and after graduating I went to work in Hobbs for the New Mexico Oil Conservation Commission as an engineer. In 1959 I went to work for El Paso in Jal as field engineer testing wells and working on storage wells, and in May of 1960 I was transferred to El Paso in capacity of proration engineer.

Q And served in that capacity to the present time?

A Yes, sir.



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Q We ask that the witness' qualifications be accepted.

MR. NUTTER: The witness is qualified.

Q (By Mr. Whitworth) You are familiar with the application in this case?

A Yes, sir, I am.

Q In your opinion why is it necessary to have a hearing on this matter rather than solve it administratively?

A This application meets all the requirements of 5B of the general northwest rules except Number 1, and the acreage involved here is greater than 160 acres on both non-standard units and is not, due to the variation of legal subdivision which is required in Number 1 of 5B.

Q What do the applicants seek in this application?

A We seek to add two lots to each of the standard units in Section 18 of 2<sup>1</sup>-3, lots 1 and 2, totaling 31.3 acres to be deeded to the Tonkin Federal Number 1, and lots 3 and 4, totaling 31.4 acres to be dedicated to the Tonkin Federal Number 1.

Q Have you prepared a plat showing the location of these two wells and the offset operators?

A Yes, sir, I have.

(Whereupon, Applicants' Exhibit Number 1 was marked for identification.)

Q We mark that as Applicant's Exhibit Number 1, is that true?

A Yes, sir.



Q Would you explain to the Examiner where these wells are located and the offset operators that are depicted by the plat?

A The Federal Tonkin Number 3 is located in the northeast quarter of Section 18, Township 2<sup>1</sup>/<sub>2</sub> North, Range 3 West, and the Federal Tonkin Number 4 is located in the southeast quarter of Section 18, Township 2<sup>1</sup>/<sub>2</sub> North, Range 3 West. The offset operators are northwest Production Company, Sinclair Oil and Gas, El Paso and Socony Oil Company.

Q What is the federal lease that covers this acreage that is involved here?

A A federal lease SFo80472A.

Q Who is the owner of record of this lease?

A Sinclair Gas Company.

Q What interest does El Paso Natural Gas have with respect to the acreage involved in these two proposals?

A El Paso has right to assignment of one half of the 7/8 working interest on this lease which was originally obtained from Sinclair by Alfred McLane on the farm out.

Q And it is purely an administrative act of receiving the assignment to show El Paso is one half interest, is that true?

A Yes, sir.

Q Who has a right to the assignment of the other one half of the working interest?

A The estate of Alfred E. McLane.

Q Has the estate of Alfred E. McLane consented and joined



in the application of El Paso Natural Gas Company and Sinclair Oil and Gas Company?

A Yes, sir, they have.

Q They did that by telegram to the Commission, is that true?

A Yes, sir.

Q Who is the operator of this federal lease that you mentioned?

A El Paso Natural Gas Company.

Q Now, what is the acreage that is to be dedicated to Tonkin Federal Number 3 Well?

A The acreage to be dedicated to the Tonkin Number 3 is the north half of Section 18, Township 24 North, Range 3 West.

Q What acreage do we propose to be dedicated to Tonkin Federal Number 4 Well?

A The south half of Section 18, Township 24 North, Range 3 West.

Q Do you know when these two wells were drilled?

A Yes, sir, the Tonkin Federal Number 3 was completed on June the 10th, 1960, and the Tonkin Federal number 4 was completed in November 21, 1959.

Q To what formation were these wells drilled?

A Pictured Cliffs.

Q Are they productive of gas in paying commercial quantities?

A Yes, sir, they are.

Q In your opinion would the two proposed proration units in

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this application be productive of gas?

A Yes, sir, I feel they would.

Q Would these two wells drain the proposed area?

A Yes, sir.

Q Why do the applicants in this case want to add the four lots you mentioned to the two standard proration units?

A Well, to prevent the unnecessary and obviously uneconomical drilling of an additional well.

Q Would you say the granting of relief requested in this application would prevent waste and protect correlative rights?

A Yes, sir.

Q Who prepared Applicants' Exhibit Number 1, Mr. Hickson?

A This exhibit was prepared by our Land Department at our request.

Q We ask that Applicants' Exhibit Number 1 be admitted into evidence.

MR. NUTTER: Exhibit Number 1 will be entered.

MR. WHITWORTH: Is there anything you would like to add to your testimony in this case?

A No, sir, I don't believe there is.

MR. WHITWORTH: That is all we have.

MR. NUTTER: Any questions? Mr. Payne.

BY MR. PAYNE:

Q Mr. Hickson, can you tell me what is dedicated to the Pictured Cliffs well to the north on this Magnolia acreage, or is

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that a Picture well?

A That is a Picture well, I don't know the exact acreage dedication.

Q I see. Do you feel it would be economically feasible to dedicate these four lots to the well to be drilled on one of them?

A No, sir, I don't, that would be 60, 62.72 acres, a little over a third of a unit.

Q Do you feel each of these wells would be able to produce the 190 acre allowable?

A I have the AOF, I don't know what the allowable would be on these two units.

Q Are these what you might call fair wells in the South Blanco, or average wells?

A They are probably just average wells.

Q I see. And there is no other well available to which these four lots could be dedicated?

A No, sir.

BY MR. NUTTER:

Q Mr. Hickson, is the ownership of lot 1 and 2 identical with the northeast quarter with the ownership of the northeast quarter of Section 18?

A Yes, sir.

Q Is the ownership of lot 3 and 4 identical with all ownership of the southeast quarter of Section 18?

A Yes, sir.



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Q Would the formation of a unit comprising these four lots result in a unit which had more deviation in size from a standard unit than the formation of the unit which you propose?

A Yes, it would.

Q In other words, 60 acres is further from 160 than 190 is?

A That is correct.

MR. NUTTER: Any further questions? You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Whitworth?

MR. WHITWORTH: Nothing further.

MR. NUTTER: Does anybody have anything further? We will take the case under advisement, and take case 2079.





STATE OF NEW MEXICO     )  
                                     : ss  
COUNTY OF BERNALILLO    )

I, LEW NELSON, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision and that the same is a true and correct record to the best of my knowledge, skill and ability.

Witness my hand and seal this the 30 day of September, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Lew Nelson*  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
June 1<sup>st</sup>, 1964

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2077 heard by me on 9/21, 1960.  
*[Signature]*  
\_\_\_\_\_, Examiner  
New Mexico Oil Conservation Commission



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I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>
MR. GERALD HICKSON		
By Mr. Whitworth	3	
By Mr. Payne	6	
By Mr. Nutter	7	

<u>EXHIBIT</u>	<u>FOR IDENTIFICATION</u>	<u>OFFERED</u>
Applicants' No. 1	3	6

