

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
ELKS' CLUB
801 Municipal Drive
Farmington, New Mexico
October 13, 1960
Case No. 2096

IN THE MATTER OF:)

)
Application of the Oil Conservation)
Commission on its own motion to consider)
establishing non-standard proration units,)
and/or drilling units in the Dakota Pro-)
ducing Interval in Fractional Sections)
Seven through Twelve of each of the follow-)
ing townships: Township 28, North, Ranges)
8 through 13 West, San Juan County, New)
Mexico, with the exception of the unit)
created by Order Number R-1628-A.)

BEFORE:

Honorable John Burroughs, Governor, State of New Mexico
Mr. A. L. Porter, Secretary-Director
Mr. Murray Morgan, Land Commissioner

TRANSCRIPT OF HEARING

MR. PAYNE: Case 2096. Application of the Oil Conserva-
tion Commission on its own motion to consider establishing non-
standard proration units.

(Witness sworn.)

A. R. KENDRICK

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

DIRECT EXAMINATION

BY MR. PAYNE:



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Q Will you state your name, by whom you are employed, and what capacity?

A A. R. Kendrick, Engineer, for the Oil Conservation Commission.

Q Mr. Kendrick, what, exactly, is the purpose of the case now being heard?

A It's to establish a means of orderly development in the Dakota Producing Interval, along this tier of partial Sections, and was created by the Seven Standard Parallel North, or survey correction line.

Q Now, Mr. Kendrick, are these drill blocks, and/or pro-ration units, standard units under the Dakota Spacing Order?

A No.

Q That is the purpose of this hearing?

A Yes.

Q What is the variation and size of these units?

A From about 312 acres to approximately 378 acres.

Q Have you prepared an Exhibit showing your proposed units?

A Yes.

Q That is this Exhibit No. 1?

A Yes.

Q Now, would you explain your Exhibit and identify the use of the numbers enclosed thereon?

A The Exhibit represents the north tier of Sections in Township 28, North, Ranges 8 through 13 West. The numbers on the



Exhibit, the top numbers are the Range numbers West. The next line of numbers is the amount of acreage shown in the proposed unit. Immediately below it, the acreage of the survey sub-divisions are shown in the ruled areas. Immediately below the ruled area, the Section numbers are shown, and the acreage of the Sections are shown immediately below the Section number. The alternating blue and green colors represent the proposed proration units, and/or drill blocks. The orange color is representing a unit, set aside by prior order of the Commission, and the red color underlining the portion of this, a few of these units represent that area included in the Gallegos Canyon unit area.

Q For the record, Mr. Kendrick, will you state how much acreage is contained in each one of the proposed units?

A You want the identification of that unit at the same time?

Q Yes, sir, if you would.

A Would it suffice the record to give the designation of the acreage by unit letter, rather than a Southwest-Southwest sort of operation?

Q Either way you desire, Mr. Kendrick.

A Since my partial Section does not constitute as much as a half-section, I would prefer to use the unit letter system. Beginning at the west end of this in Range 13 West, the first unit would consist of 362.41 acres, being all of partial Section 7 and all of Units L, M, and N of Section 8. The Section unit could



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contain 378.28 acres, and contains Units I, J, K, O, and P of Section 8, and J, K, L, M, N, and O of Section 9. The next unit would contain 344.42 acres, being Units I and P of Section 9 and all of partial Section 10. The following units would be 344.28 acres, being all of partial Section 11, Units L and M of Section 12. The next unit would be 364.53 acres, containing Units I, J, K, N, O, and P of Section 12, and Units J, K, L, M, and N in Section 7 of Range 12 West. The next units would contain Units I, O, and P of Section 7, and Units J through P of Section 8, and contains 354.12 acres. The following unit contains 340.91 acres, being Unit I of Section 8, all of partial Section 9, and Unit M of partial Section 10. The next unit would contain 366.46 acres, and would consist of I through L and N, O, and P of Section 10 and Units K through N of Section 11. The next unit would consist of 337.93 acres, and would consist of Units I, J, O and P of Section 11, Units J through O of Section 12. The next unit would consist of 335.02 acres, being Units I and P of Section 12 in Range 12 West, and all of partial Section 7 in Range 11 West. The next unit would consist of 333.55 acres, being all of Section 8 and Units L and M of Section 9. The next unit would contain 328.45 acres, would consist of Units I, J, and K, N, O, and P of Section 9, and Units K through N of Section 10. The next unit would contain 323.29 acres, being Units I and J, O, and P of Section 10, Units J through O of Section 11. The next unit would contain 318.14 acres, being Units I and P of Section 11 and all of Section 12. Skipping the



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unit set-up by prior hearing, the next unit would be 319.67 acres, being Units I, J, and K, N, O, and P of Section 8, and Units K through N of Section 9, in Range 10 West. The next units would contain 322.83 acres, being Units I, J, O, and P of Section 9, and J through O of Section 10. The next unit would contain 327.29 acres, consisting of Units I and P of Section 10 and all of Section 11. The next unit would contain 322.94 acres, being all of Section 12, Range 10 West, Units L and M of Section 7, Range 9 West. The next unit would contain 345.25 acres, being Units I, J, and K, N, O, and P of Section 7 and Units K through N of Section 8. The next unit would be 340.52 acres, consisting of Units I, J, O, and P of Section 8, Units J through O of Section 9. The next units would consist of 338 acres, excuse me, 338.40 acres, being Units I, N, and P of Section 9, and all of Section 10. The next units would consist of 334.46 acres, being all of Section 11, and Units L and M of Section 12. The next unit consists of 312.28 acres, being Units I, J, and K, N, O, and P of Section 12, Range 9 West, and Units L, M, and N of Section, Range 8 West. The next units would consist of 341.36 acres, being Units I, J and K, O, and P, of Section 7, and Units K through N of Section 3. The next unit would consist of 333.84 acres, being Units I, J, O, and P of Section 8, Units J, K, L, M, and N of Section 9. The next unit would consist of 335.11 acres, being Units I, O, and P of Section 9, and Units J through O of Section 10. The next unit would consist of 331.76 acres, being Units I and P of Section 10, Units J through P of Section 11. The last unit



would contain 327.87 acres, being Unit A of Section 11 and all of Section 12, Range 8 West.

Q Mr. Kendrick, have unitized areas been considered in formation of non-standard units?

A They have.

Q Would you explain that, please?

A The area immediately east of the east end of this strip is unitized as direct offset to this. Consequently, the first unit here was established as nearly as possible to standard unit size, without splitting a lot or governmental sub-division as surveyed. Also, in Ranges 11, 12, and 13 West, as underlined by red on this Exhibit, the Gallegos Canyon Unit is represented, the Unit immediately inside the Unit boundary, inside the Gallegos Canyon Unit boundary, and the Unit immediately outside, are as near as possible, the same acreage. The largest variation of the two, there are one and a half acres on the east side of the Unit, and the size variation on the west side of the Gallegos Units are less than one-hundredth of one acre.

Q If a well were to be drilled on each one of these partial Sections, how many wells would that be?

A Thirty-six.

Q How many partial Units do you propose?

A Twenty-nine.

Q Are there similar partial Sections east or west of those shown on Exhibit 1?



A There are similar Sections to the east in the unitized area. To the west, the General Land Office has not surveyed that ground, so we don't know for sure if they do exist, or if so, what size they are.

Q Now, is this your opinion that the formation of these non-standard units at this time will not only benefit the operators, but will benefit the Commission by ease of administration?

A Yes.

Q Have you considered lease ownership in the proposed units?

A Only to the extent of using unitized areas as compared to non-unitized areas.

Q I believe the formation of these non-standard units will result in more orderly development?

A Yes.

Q Would you explain that, please?

A If one unit were set out, not within this pattern, there would have to be abnormally large or abnormally small units to the west and east of that particular unit. This way, the size and the offset units are comparable size.

Q Do you think the establishment of these non-standard units will impair correlative rights?

A No.

Q Do you think they actually will be protected by your proposed units?



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A Yes.

Q Do you have anything further you would like to present, Mr. Kendrick?

A I think that this will, presumably, ease the operators' administrative load, in that they would know what type unit would be approved and whether or not they would, or what their problems would be with getting their acreage together to drill a well. They would know whether to get, whether the unit would be approved.

MR. PAYNE: That concludes my direct examination. I move for admission for Exhibit 1 in Case 2096.

MR. PORTER: Without objection, it will be admitted. Does anyone have a question?

(No response.)

MR. PORTER: The witness may be excused. Does anyone have anything to offer in this case?

MR. BUELL: I have a statement. Guy Buell, appearing on behalf of Pan-American Petroleum Corporation. It appears to us that the non-standard units, as reflected on Mr. Kendrick's Exhibit Number 1, is a very practical way to handle this problem of irregular Sections that we have along this tier; covered by that Exhibit, it would be our recommendation to the Commission, and so far as our acreage is included in that strip, these Units be adopted.

MR. PORTER: Anyone else have a statement? The Commission will take the case under advisement, and take up Case 2098.



STATE OF NEW MEXICO)
) SS
 COUNTY OF BERNALILLO)

I, LEWELLYN NELSON, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Farmington, 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 25 day of October, 1960.

Lewellyn F Nelson

Notary Public-Court Reporter

My Commission expires:

June 14 1964.

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