

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
May 24, 1961

EXAMINER HEARING

IN THE MATTER OF:

CASES 2289 and 2290
Consolidated

TRANSCRIPT OF HEARING

BEFORE THE
OIL CONSERVATION COMMISSION
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EXAMINER HEARING

IN THE MATTER OF:

CASE 2289 Application of Aspen Crude Purchasing Company
for three non-standard oil proration units,
San Juan County, New Mexico. Applicant, in
the above-styled cause, seeks the establish-
ment of the following-described non-standard
oil proration units in and adjacent to the
Cha Cha-Gallup Oil Pool:

(1) Lot 1 and the S/2 SE/4 of Section 7,
Township 28 North, Range 13 West;

(2) Lot 5 and the SE/4 SW/4 of said Sec-
tion 7; and

(3) Lots 2, 3 and 4 of said Section 7, and
40.81 acres located between said Section 7 and
Section 36, Township 29 North, Range 14 West;

all in San Juan County, New Mexico.

CASE 2290 Application of Aspen Crude Purchasing Company
for three non-standard oil proration units
Consoli- and for an unorthodox well location, San Juan
dated County, New Mexico. Applicant, in the above-
 styled cause, seeks the establishment of the
 following-described non-standard oil prora-
 tion units adjacent to the Totah-Gallup Oil
 Pool in Section 11, Township 28 North, Range
 13 West, San Juan County, New Mexico:

(1) Lots 1 and 2 and the SE/4 SE/4, com-
prising 97.78 acres, to be dedicated to a well
at a non-standard location 263 feet from the
North line and 700 feet from the East line of
said Section 11.

(2) Lots 3 and 4 and the SW/4 SW/4, com-

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prising 97.58 acres. :

(3) SW/4 SE/4 and the SE/4 SW/4, comprising :
80 acres. :

BEFORE:

Elvis A. Utz, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. COOLEY: I move in the interest of time to consolidate
Cases No. 2289 and 2290.

MR. MORRIS: In Case 2289 application of Aspen Crude
Purchasing Company for three non-standard oil proration units. In
Case 2290, application of Aspen Crude Purchasing Company for three
non-standard oil proration units and for an unorthodox oil loca-
tion, San Juan County, New Mexico.

MR. UTZ: For the purposes of testimony, Cases 2289 and
2290 will be consolidated.

MR. COOLEY: W. J. Cooley from Farmington representing the
Applicant. We have one witness.

(Witness sworn.)

THOMAS ALBERT MORGAN,
called as a witness, having been first duly sworn, was examined
and testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your name.

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A Thomas Albert Morgan.

Q Where do you reside, Mr. Morgan?

A Farmington, New Mexico.

Q By whom are you employed?

A Aspen Crude Purchasing Company.

Q Are you also employed by Aspen Drilling Company?

A That is true.

Q These two companies are owned by the same interests, are they not?

A Yes.

Q Would you state your occupation with Aspen Crude?

A I'm Production Superintendent for Aspen Crude Purchasing Company.

Q In connection with this office, what are your duties?

A I do the geology on our wells, complete the wells and do all the paper work concerning the wells in producing them.

Q What is your educational background?

A I received a B. S. degree in geophysics from the University of Utah in 1957.

Q Do you have any experience with any other oil company other than Aspen Drilling Company?

A Yes. Immediately upon graduation, I went to work for Humble Oil and Refining Company in Odessa, Texas. I worked with Humble for three years and resigned my position with them in February, 1960.



Q What was the purpose of your resignation?

A To accept an offer with Aspen Drilling Company and Aspen Crude Purchasing Company.

Q In your present position?

A Not immediately.

MR. COOLEY: I move the witness's qualifications in this case be acceptable.

MR. UTZ: They are acceptable.

Q (By Mr. Cooley) Mr. Morgan, do you have a general area map of the area involving the two applications before the Examiner at this time?

A I do.

Q Would you briefly explain what is shown thereon?

A It is a reproduction of the official government map and shows two sections in question; Section 7 and Section 11, both of which are in yellow on the upper left and right of the map.

Q This map is identified as Exhibit 1 in this case, is it not?

A That's correct.

Q Have you also prepared a large scale plat showing the acreage in Section 7?

A I had a registered engineer prepare a plat showing the acreage in Section 7.

Q Explain what is shown thereon.

A The area in red shows the proposed unit number 1 as com-



posed of 108.48 acres. Unit Number 2 in green is comprised of 97.48 acres and 3, in yellow is comprised of 87.50 acres.

Q What physical facts occasioned the necessity for this application?

A Section 7 is an irregular section due to the correction line in the survey.

Q Have you discussed the feasibility of forming the proposed unit with any member of the Conservation Corps?

A Yes, I have.

Q With what member?

A I talked to Mr. Arnold and Mr. Kendrick, and also with the USGS in Farmington and actually they were the ones that came up with the proposed breakdown as it now stands.

Q You consider this to be the most feasible arrangement for the development of the acreage in the Cha Cha-Gallup Pool?

A I definitely do.

MR. COOLEY: Isn't there a letter, Mr. Examiner, from Mr. Al Kendrick or some member of the Aztec Office concerning the acreage in Section 7? I understand there was some correspondence from the Aztec Office in this connection.

MR. UTZ: In regard to 2290.

Q (By Mr. Cooley) Does Aspen Crude Purchasing Company own all the acreage in Section 7, the lease holding acreage in Section 7?

A Yes, we are the operator in all of Section 7.

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Q Does your company own all of the acreage in the proposed non-standard unit number 2?

A No. Humble Oil and Refining Company owns 40.81 acres immediately to the north and adjacent to our acreage.

Q Is there any legal description of this acreage?

A Yes. I do not have it.

Q It is by Meets and Bounds?

A No, not to my knowledge.

MR. COOLEY: I'd like to present a letter from Humble Oil and Refining Company which indicates they concur in this application. The communitization agreement is being formed between the Applicant and Humble Oil and Refining Company. The letter also indicates that they concur in this application.

MR. COOLEY: Will you mark this as Exhibit 4, please.

(Whereupon, Applicant's Exhibit 4 marked for identification.)

Q (By Mr. Cooley) Mr. Morgan, do you have any opinion as to the productivity of Section 7?

A All of 7 is productive.

Q As far as the Cha Cha-Gallup is concerned, do you have any evidence to support this opinion?

A Yes. Generally, the Cha Cha field is a bar sand, which is typical of the non-standards in the San Juan Basin. They do not terminate immediately such as a fault does, and Humble Oil and Refining Company has developed acreage to the north and west of us.



They completed a well in 7-35 of 29-14 -- that's the Navajo Number 12 -- and based on the trend of the field, this well is a pumping well; it is a producer; and based on the trend in the area, it almost assures us of production in all of Section 7.

Q Do you also have in your possession a plat showing the area in Section 11?

A Yes.

Q Would you briefly explain the legend thereon?

A Section 11 of 28-13 is also an irregular section. We have proposed to bring it into three unorthodox units. One is shown in red composed of 97.78 acres. Unit 2, in green, is 97.58 acres; and Unit 3, 80 acres.

Q Does the plat also show the unorthodox locations requested in Case No. 2290?

A It does.

Q Where is that location?

A The unorthodox location is located on Lot 1, Section 11, 263 feet from the North line and 700 feet from the East line.

Q What is the necessity for this unorthodox location?

A It is extremely rugged terrain.

Q Do you have any photographic evidence of the terrain in this area?

A I do.

MR. COOLEY: I ask that this be marked as Exhibit 5.

(Whereupon, Applicant's Exhibit 5



marked for identification.)

Q (By Mr. Cooley) Will you please approach the Examiner and explain briefly what is portrayed by the picture.

A If I may.

I have taken pictures of the location showing to the north the Pan American production. This shows the area to the east -- it doesn't point it out too well -- immediate beyond this cedar tree there is a tremendous canyon. You can fall about five hundred feet. This is southeast. It shows the area a little better. This is the northeast, also showing the canyon and the Pan American well which is under completion right now. This is the west and south. The canyon runs from northeast to southwest.

Q What is the approximate depth of the canyon, please?

A I estimated about 500 feet.

Q I believe it is in connection with this unorthodox location that the Commission has a letter from its representative, Mr. Al Kendrick, who has been taken to the proposed location and has seen the physical features there involved.

MR. UTZ: Yes, it has.

MR. COOLEY: I ask that it be marked Exhibit Number 6.

MR. UTZ: It is in reference to the unorthodox location only?

MR. COOLEY: Yes. I believe the Commission has a letter from Aztec Oil Gas Company which is the diagonal offset operator to the north of our unorthodox location. This letter is a waiver



of any objection on the part of Aztec Oil and Gas Company. I ask that the letter be identified as Exhibit Number 7.

(Whereupon, Applicant's Exhibits 6 and 7 marked for identification.)

MR. COOLEY: I have here a telegram from Pan American Petroleum Corporation. This is the district offset operator to the north, addressed to the Oil Conservation Commission, also waiving any objection to our unorthodox location here requested and I ask that that be identified as Exhibit Number 8.

(Whereupon, Applicant's Exhibit 8 marked for identification.)

(Discussion off the record.)

(Back on the record.)

MR. COOLEY: We have no further testimony to present and move the Commission that Exhibits 1 through 8 be admitted in evidence.

MR. UTZ: Without objection, Exhibits 1 through 8 will be entered into the record of this case.

MR. UTZ:

Q Mr. Morgan, with regard to Case No. 2289, all of those units are substantially above standard 80-acre units, are they not?

A Yes, sir. They're all over 80 acres.

Q As a matter of fact, the 108 acres is something like thirty-five and a half per cent over; the 97 acres is something like twenty-one per cent over; and the 87 acres is two per cent over. Is there any way you can split this up so that you have nearer the standard



units?

A To my knowledge, not without breaking down the various lots intersections.

Q What is the status of the triangle that appears to be the unsurveyed area which lies between Section 7 and Section 36 to the north?

MR. COOLEY: To the best of my memory, I believe that it surveyed and is described by Meets and Bounds. It is not within any one section, but is under lease to Humble Oil and Refining Company.

MR. UTZ: It's not shown on any survey tracts.

MR. BRATTON: Howard Bratton, on behalf of Humble Oil and Refining Company. That is a canyon which Humble came upon and surveyed and obtained an oil-gas lease from the Bureau of Land Management. That is the status of that.

MR. COOLEY: It is under lease from the federal government under Meets and Bounds, is it not?

MR. BRATTON: It is a canyon between the Navajo boundary and the beginning of the public land surveyed to the south of it.

MR. UTZ: Thank you. If you were to extend the division line between Lot 5 and the forty acre tracts, which would be the southwest of the northwest, extend these lines directly north, would it not be possible to form four units rather than three, which would be closer to a standard unit, splitting it at right angles the way we have just been speaking of, into four parts?



MR. BRATTON: I don't have it figured yet.

MR. UTZ: I did a little calculating on it and the figures I come up with would be 8296, 6986, 6986, and 6984. All of these units would be less than twelve per cent of a standard unit.

A If I may make a statement, according to my knowledge, to the best of my knowledge on engineering studies made on the Cha Cha field, I believe the most desirable feasible spacing would be approximately 110 acres; and I guess this is economic, but considering that, we would be better with three units than four.

Q (By Mr. Utz) You refer to testimony in the spacing records?

A That is information from an engineering report that was made on the Cha Cha field.

Q The spacing order for the Cha Cha field now is 80 acres, is it not?

A Right.

Q What objection would you have to having units nearer 80 acres than the ones you propose?

A Well, drainage-wise, I think we'd be better off like we are, I'd have to look into this thing a little bit more.

MR. UTZ: Thank you.

MR. MORRIS:

Q Mr. Morgan, do you at present have any plans developed far enough to be able to state where your wells will be located in each of these units that you have proposed?

A Yes.



Q Could you give me those, please?

A We have producing wells in the southeast, one quarter of the south one half of Section 7, which is shown on the plats.

MR. COOLEY: Exhibit 2. The second location has been staked as Lot 2. Depending on the development and so on, the third location will probably be in the northeast one quarter of the southwest one half of Section 7.

Q You don't have the southwest half?

A Yes.

Q Mr. Morgan, from those descriptions that you have given to me, would those three wells adequately drain the three proration units that you are proposing on Exhibit 2?

A To the best of my knowledge, referring again to this engineering report, it would.

Q Would you return to your other exhibit and give me the location which you are proposing with reference to those units?

A The first location is a stake in Lot 1, the second location would either fall in the 30 acre unit -- that would be in the east part of the 40 acre tract.

Q The east 40?

A Yes; and depending on the results of these, the next well would probably be located in Lot 3. This will, of course, depend on the results of the proposed well in Lot 1.

Q These three wells that you have mentioned, the location of those three wells would serve to adequately drain the three pro-



ration units that you have proposed on Exhibit 3?

A Yes. They should adequately drain.

MR. MORRIS: Mr. Morgan, on your application in Case 2290, you refer to a Dakota test which would be staked at a later date immediately adjacent to the unorthodox location that you have requested. I might state for the record that since you did not have a compact location available, this was not advertised and it will not be possible to grant you authority at the present time for that location.

I have no further questions.

MR. COOLEY: No further evidence.

MR. UTZ: Are there any other questions of the witness?

The witness may be excused at this time. Are there any other statements in this case?

MR. BRATTON: On behalf of Humble, as previously pointed out in Case 2289, Humble owns the 40.81 acres in the proposed unit number 3 as designated in the application and as stated in our letter, we are agreeable to the formation of the unit. We have a case coming on this afternoon where we propose to take interference tests in the lease immediately to the north which we believe will confirm our conclusions that one well in this area will drain in excess of eighty acres. We believe, in view of the unusual acreage situation and the royalty situation in this area, that it would be advisable to approve these units as proposed in Case No. 2289.

MR. UTZ: Are there any other statements?

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The case will be taken under advisement.

We will recess until 1:30 P. M.

(Noon recess taken.)



STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, THOMAS F. HORNE, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

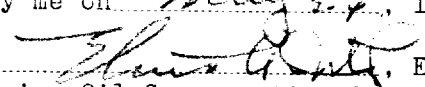
WITNESS my Hand and Seal this, the 12th day of June 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


 NOTARY PUBLIC

My Commission expires:

May 4, 1965

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2287-2280 heard by me on May 2, 1961.


 Examiner
 New Mexico Oil Conservation Commission

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