

Case No.

798

Application, Transcript,
Small Exhibits, Etc.

CASE 798: Amerada application for three
non-standard oil proration units in the
Bronco-Stiluro-Devonian pool.

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

February 11, 1955

Mr. George Singletary
Railroad Commission of Texas
Oil and Gas Division
Tribune Building
AUSTIN, TEXAS

Dear George:

I enclose copies of orders and transcripts with which this Commission has recently been concerned in matters involving 'borderline' pool areas. These include our Order R-571 in Case 792, and Order R-572 in Case 798.

Sincerely,

W. B. Macey

WBM:nr

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OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 17, 1955

Mr. John Woodward
Amerada Petroleum Corporation
Box 2040
TULSA, OKLAHOMA

Dear Sir:

We attach copy of Order R-572 issued by this Commission
under date of January 13, 1955, in Case 798.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

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**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:**

**CASE NO. 798
Order No. R-572**

**THE APPLICATION OF AMERADA
PETROLEUM CORPORATION FOR
THE ESTABLISHMENT OF THREE
PRORATION UNITS IN THE SE/4 OF
SECTION 11, TOWNSHIP 13 SOUTH,
RANGE 38 EAST, LEA COUNTY, NEW
MEXICO, FOR THE PURPOSE OF ALLOCA-
TING PRODUCTION OF OIL FROM THE WOLF-
CAMP FORMATION OF THE PROPOSED BRONCO-
WOLFCAMP POOL AREA, SUCH PRORATION
UNITS TO CONSIST OF THE EAST 43.69 ACRES
OF THE SE/4 AND THE NORTH AND SOUTH
43.69 ACRES OF THE W/2 OF THE SE/4 OF
SECTION 11, AND FOR THE ADJUSTMENT OF
ALLOWABLE IN ACCORDANCE WITH THE
ACREAGE CONTAINED IN SAID PRORATION
UNITS.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on December 16, 1954, at Santa Fe, New Mexico before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 13th day of January, 1955, the Commission, a quorum being present, having considered the testimony adduced and evidence presented at said hearing and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That applicant is the owner of oil and gas leases covering the SE/4 of Section 11, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That applicant is currently drilling its Ward No. 4 well located approximately 400 feet from the east line and 990 feet from the south line of the SE/4 of Section 11, Township 13 South, Range 38 East, Lea County, New Mexico.

(4) That applicant expects to complete said well as a producing oil well in the Wolfcamp formation at an approximate depth of 9500 feet subsurface.

(5) That it is reasonable to assume that applicant will drill or will cause to be drilled two additional wells for the production of oil from the Wolfcamp formation in said quarter section.

(6) That the east line of said SE/4 coincides with the boundary line between the states of New Mexico and Texas, and because of the necessary survey adjustment on the east line, this quarter section contains only 131.07 acres.

(7) That due to the size and shape of said quarter section, standard proration units cannot be established in said quarter section.

(8) That the establishment of three proration units in said quarter section will secure to the applicant the full use and value of wells drilled or to be drilled in said quarter section, and the establishment of such units will be in the best interests of conservation and will serve to protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That three proration units are hereby established in the SE/4 of Section 11, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of allocating the production of oil from the Wolfcamp formation.

(2) That the first of these proration units shall consist of the east 43.69 acres of said quarter section, and the second and third of these units shall consist of the north 43.69 acres of the W/2 of said quarter section and the south 43.69 acres of the W/2 of said quarter section respectively, as prayed for in the application filed herein and as more particularly shown by applicant's Exhibit "A" which is attached to said application and incorporated herein by reference.

(3) That a well drilled to and producing from the Wolfcamp formation in said quarter section will be granted an allowable in the proportion that the 43.69-acre proration unit bears to the standard or orthodox 40-acre proration unit, all until further order of the Commission.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms
JOHN F. SIMMS, Chairman

E. S. Walker
E. S. WALKER, Member

W. B. Macey
W. B. MACAY, Member and Secretary





BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 798

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 16, 1954

In the Matter of:
Application of Amerada Petroleum Corporation for
approval of three non-standard proration units in SE/4
Section 11, Township 13 South, Range 38 East, for
production from the Wolfcamp formation of the Bronco-
Siluro-Devonian Pool, consisting of the East 43.69
acres of said SE/4, and the North and South 43.69 acres
of the W/2 of said SE/4, and for allowable adjustment
for the projected units.

Case No.
798

BEFORE:

Mr. E. C. (Johnny) Walker,
Mr. William B. Macey

TRANSCRIPT OF HEARING
(See Case No. 796)

R. S. CHRISTIE,

called as a witness, having been previously duly sworn in Case
No. 796, and having testified in said case, further testified as
follows:

DIRECT EXAMINATION

By: MR. WOODWARD:

Q Amerada's Exhibit A has been placed on the board, Mr.
Christie, are you familiar with this exhibit?

A Yes, I am.

Q Will you tell what that exhibit shows, please?

A Exhibit A in Case 798 shows the location of proposed
units for production in the Bronco-Wolfcamp Field. On Exhibit A
they are outlined in red, shows the east part of the southeast
quarter of Section 11 and the north and south 43.69 acres of the
west half of the southeast quarter.

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

Q Mr. Christie, is it possible to form 40 acre proration units in this quarter section?

A No, it is not, the east line of said southeast quarter section coincides with the boundary line between New Mexico and Texas because of the adjustment of the survey on the east line this quarter section contains only 131.07 acres.

Q Will the 43.69 acre units proposed dispose of all the acreage in that quarter section?

A Yes, it will.

Q Is all the acreage in this quarter section under the same leasehold?

A Yes, it is.

Q What development of the Wolfcamp formation in this quarter section has occurred?

A We have just completed our Ward No. 4 on the -- in the eastern unit, located at this position. I might point out also that there are two other Wolfcamp wells in the Bronco-Wolfcamp Field, both of which are over on the Texas side.

Q From field studies of the Wolfcamp formation in this area, what is the structure of the formation, its permeability and porosity?

A The structure appears at the present time to be somewhat less in areal extent to the Bronco-Siluro-Devonian formation. We have tested the Wolfcamp formation and find that it is productive on all wells that are drilled to the Devonian on the Ward lease. The average porosity is approximately 13 per cent and the permeability is about 45 millidarcies.

Q On the basis of your information what area would be sufficiently drained in the Wolfcamp formation by these three proposed units?

A Based on our production and the porosity and permeability, one well will certainly drain, certainly more than 43.69 acres.

Q What allowable should be ascribed to these wells on these non-standard units?

A The allowable should be set by the applicable rules of the New Mexico Oil Conservation Commission taking into account the excess acreage contributed to these units.

Q That is the difference between 43.69 acres and 40 acres?

A I might point out that the Ward No. 4 is located on a lot of 25.18 acres and is now assigned allowable based on that acreage of 95 barrels. Under the applicable rules of the Commission if they approve this application the allowable then would increase from 95 to approximately 165 barrels for the 43.69 acres.

Q In your opinion, will the establishment of these three units protect correlative rights and prevent waste through avoiding the drilling of unnecessary wells in this area?

A Yes.

MR. WOODWARD: Applicant asks that its Exhibit A be accepted in evidence.

MR. MACEY: Is there objection to the introduction of Exhibit A in this case? If not, it will be received in evidence. Is that all?

MR. WOODWARD: That concludes our case.

MR. WARREN MANKIN: (Texas Company) As an offset operator

on the Texas side and Wolfcamp producing, I just wanted to ask Mr. Christie, this will be the discovery well on the New Mexico side, will it not, setting up the Bronco-Wolfcamp Pool in the New Mexico side?

A Yes, that is correct.

MR. MANKIN: And it looks as though there may be several other wells in the New Mexico side?

A Yes, we are presently drilling Ward No. 5, which is a twin well to the Ward No. 3, which is a Devonian well and of course we expect production in the southwest unit, also.

MR. MANKIN: So it appears there will be several wells there on the New Mexico side in the Wolfcamp?

A That is correct, yes, sir.

MR. MACEY: Mr. Rhodes.

CROSS-EXAMINATION

By: MR. RHODES:

Q Mr. Christie, Amerada has established a drilling unit in the Bronco Area, have they not?

A That is correct, yes, sir.

Q And that drilling unit extends to the Wolfcamp?

A Yes, sir.

Q And not only covers the Devonian but also the Wolfcamp?

A Covers all producing formations.

Q Now in the formation of that drilling unit, were the royalty interests on both sides of the state line also unitized?

A No.

Q Just the working interest?

A Just the working interest.

Q Do you feel that there is any danger of possible draining across that state line?

A Yes, if the allowables are not based on the same factors why there could very well be drainage. As a matter of fact, our Weems No. 7, which is on the Texas side has a discovery allowable of 200 barrels per day and so that you will have that difference between 165 and 200 currently, why then eventually discovery allowable in the number of -- lost in the number of production days will be quite a bit less and the Texas will be less than the New Mexico side, so you will have a drainage the other way. So it appears that we should have some rules which would apply to both sides of the line there.

Q Do you feel that a new set of pool rules would be necessary to cover the Wolfcamp?

A Yes, I believe so.

Q The land on the New Mexico side, is that fee land?

A It is either fee or federal land.

Q Either fee or federal?

A Yes.

Q There is no state land in that Malco Drilling unit?

A No, there is not.

Q There is also no Devonian well directly offsetting your Ward No. --no Wolfcamp Ward offsetting your Ward No. 4?

A No, there is no offset to it, except the diagonal.

Q The diagonal on it?

A Yes.

MR. RHODES: That is all.

MR. MACEY: Anyone else?

MR. MANKIN: I believe there is presently two wells completed in the Bronco-Wolfcamp on the Texas side?

A Yes, sir.

Q And they are on discovery and the Texas Company has one and you with the Texas Company has the second well and then discovery will be off possibly within less than a year?

A Yes, sir.

MR. MANKIN: There might be something done to equalize between the two pools?

A Yes, sir.

MR. MACEY: You think there is any danger of the Texas oil being drained in this particular well? You don't have to answer that.

A Well, I'd just as soon answer it. You mean you think we are going to take any of Texas's oil by this one well?

MR. MACEY: Well, we strictly don't want Texas to have their oil drained on the part of the efforts of New Mexico.

A Well, based on Commission's approval of this application the allowable should be about a 165 barrels which is less than an allowable over in Texas. So, if anything, Texas will be getting some of New Mexico's oil.

MR. MACEY: Does anyone else have any questions of the witness? If not, the witness may be excused. Anyone have a statement to make in the case? If not, we will take the case under advisement.

(Witness excused.)

MR. MACEY: Take a short recess before we have the next case.

STATE OF NEW MEXICO }
COUNTY OF BERNALILLO } SS.

I, MARGARET McCOSKEY, 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 23rd day of December, 1954.


Notary Public-Court Reporter

My Commission expires
August 15, 1956.

