

Case No.

857

Application, Transcript,
Small Exhibits, Etc.

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. 857
Order No. R-634

THE APPLICATION OF TEXAS PACIFIC
COAL AND OIL COMPANY FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
TO RULE 5 (a) OF ORDER NO. R-520 IN THE
ESTABLISHMENT OF A NON-STANDARD GAS
PRORATION UNIT IN THE JALMAT GAS POOL
CONSISTING OF THE S/2 OF SECTION 7, TOWN-
SHIP 22 SOUTH, RANGE 36 EAST, NMPM, LEA
COUNTY, NEW MEXICO, AND THE ASSIGNMENT
OF SAID ACREAGE TO THEIR STATE "A" a/c-2
WELL NO. 12 FOR GAS PRORATION PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission hereinafter referred to as the "Commission".

NOW, on this 12th day of May, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, 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 pursuant to the provisions of Rule 5 (a) of Order No. R-520, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal section after notice and hearing by the Commission.
- (3) That applicant, Texas Pacific Coal and Oil Company, is owner of an oil and gas lease in Lea County, New Mexico, the land consisting of other than a legal section, and described as follows:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
S/2 of Section 7

containing 320 acres, more or less.

(4) That applicant, Texas Pacific Coal and Oil Company, has a producing gas well on the aforesaid lease, known as the State "A" a/c-2 Well No. 12, located 1980 feet from the south line and 660 feet from the east line of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well is located within the horizontal limits of the Jalmat Gas Pool, and said well is completed in the Yates formation of the Jalmat Gas Pool vertical interval.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Jalmat Gas Pool, and

(7) That unless a proration unit consisting of applicant's aforesaid acreage is permitted, applicant will be deprived of the opportunity to recover its just and equitable share of the natural gas in the Jalmat Gas Pool.

(8) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Texas Pacific Coal and Oil Company for approval of an unorthodox proration unit consisting of the following described acreage:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
S/2 of Section 7

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

(2) That applicant's well, State "A" a/c-2 Well No. 12, located 1980 feet from the south line and 660 feet from the east line of Section 7, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above-described 320-acre unit bears to the standard or orthodox proration unit for said pool, 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. MACEY, Member and Secretary



C

May 17, 1955

O

Mr. Jack M. Campbell, Attorney
CAMPBELL AND RUSSELL
J. P. White Building
ROSWELL, NEW MEXICO

P

Dear Sir:

In behalf of your client, Texas Pacific Coal and Oil
Company, we enclose Order R-633 in Case 856 and Order
R-634 in Case 857, both dated May 12, 1955.

Y

Very truly yours,

WBM:nr

W. B. Macey
Secretary - Director

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
March 16, 1955

IN THE MATTER OF:

CASE NO. 857 - Regular Hearing

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
March 16, 1955

IN THE MATTER OF:

The application of Texas Pacific Coal and Oil Company for approval of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks approval of the creation of a 320-acre non-standard gas proration unit in exception to Rule 5(a) of the Special Rules and Regulations for the Jalmat Gas Pool, as set forth in Order R-520, said unit to consist of S/2 of Section 7, Township 22 South, Range 36 East, Lea County, New Mexico, and to be dedicated to applicant's State "A" a/c-2 Well No. 12, located 660 feet from the east line and 1980 feet from the south line of said Section 7.

Case No. 857

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 857.

(Marked Texas Pacific Coal and Oil Company's Exhibit No. 1 for identification.)

J O H N Y U R O N K A ,

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

DIRECT EXAMINATION

By MR. RUSSELL:

Q You are the same John Yuronka who testified in Case No. 856, are you not?

A I am.

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

Q Are you also acquainted with Texas Pacific Coal and Oil Company's application for an exception to Rule 5(a) in Case No. 857, for a non-standard gas proration unit, consisting of the south half of Section 7, Township 22, South, Range 36 East, Lea County, New Mexico?

A I am.

Q Where is that well located Mr. Yuronka?

A The well is located 660 feet from the east line and 1980 feet from the south line of Section 7.

Q Can you give a brief history of that particular well?

A The well was completed in June 1938. The total depth was 3850, casing was set at 3734, after a 2,000 gallon acid treatment the well potentialized 2,640 barrels of oil per day with GOR of 568 to 1. Remedial work in April, 1952, it was plugged back to 3,668. The Yates was perforated from 3180 to 3370 with four shots per foot, and tested 180 MCF per day. In October of 1952, the well was plugged back to 3,400 and was shot with 475 quarts of nitro from 3180 to 3375. The absolute openflow for that well was 3,100 MCF per day. The deliverability test for this well, taken in the latter part of June, 1954 was 1,001 MCF per day.

Q In your opinion, Mr. Yuronka, will this well, if granted a 320-acre gas allowable, be able to make its allowable?

A Yes.

Q In your opinion, is the entire south half of Section 7, Township 22 South, Range 36 East, productive of gas?

A Yes.

Q In your opinion, will this well drain it?

A Yes.

Q In your opinion, will the granting of the exceptions requested here, adversely effect the correlative rights of any offset owners?

A No.

Q Will it protect the correlative rights of the operator?

A Yes.

Q Will it avoid waste and prevent the drilling of an unnecessary well?

A It will.

Q Referring to Exhibit 1, was it prepared by you, or under your direction?

A Yes, it was.

MR. RUSSELL: I believe that is all. I would like to offer Exhibit 1 in evidence.

MR. MACEY: Without objection it will be received. Any questions of the witness?

CROSS EXAMINATION

By MR. REIDER:

Q Your oil wells, 21 and 22 --

A Yes.

Q Are they not completed within the Jalmat interval?

A We worked over 21 about a year and a half ago. We shot it in the Yates and swabbed dry.

Q What is it now, presently completed?

A Temporarily abandoned.

Q Number 21 temporarily abandoned?

A Yes.

Q What about 22?

A 22 watered out.

Q 19 and 20?

A Well, I received a notice from the Commission dated March 10th, and both wells, 19 and 20, are now classified as oil wells in a gas interval.

Q Is that the same interval as your No. 12?

A Yes, Well No. 12 is, it is the gas interval, it is a different formation.

Q That acreage is already dedicated to the Jalmat Pool?

A Yes.

Q This deliverability, what pressure was that taken against.

A Against El Paso's line pressure. I don't know the exact pressure, presumably about 600 pounds.

Q You feel that this well could make the allowable for a 320 acre well?

A Yes, I do.

MR. REIDER: No further questions.

MR. MACEY: Anyone have any further questions of the witness? Mr. Kellahin?

MR. KELLAHIN: Jason Kellahin for Continental Oil.

By MR. KELLAHIN:

Q Does Texas Pacific own all the acreage in that section?

A No, sir, they do not. They do not own the northwest quarter.

Q That is the only part --

A (Interrupting) That is right.

Q Is there a well in the northwest corner, do you know?

A Yes, two wells to my knowledge.

Q Is there a gas well within the Jalmat?

A In that northwest quarter?

Q Yes.

A I don't think so. I am not sure. They worked over one well, I don't know which one it was. It was a failure and the other well, to my knowledge, is still an oil well.

Q Do you have a well in the northeast quarter?

A Yes.

Q Completed in the Jalmat?

A Yes, sir.

Q When was that completed?

A I presume you are talking about Well No. 5. It is in the northeast quarter, northeast quarter.

Q That is the well I am referring to.

A That is in the Seven Rivers, it is in the gas interval.

Q When was it completed?

A Well, we did a workover on it, roughly, about two and a half years ago.

Q Wasn't it recently completed in the Seven Rivers, or was that two and a half years ago?

A Two and a half years ago.

Q Do you have any other well in the northeast quarter?

A Yes, sir, we tried to complete No. 11 as a gas well. That is the north offset of No. 12. We plugged that back and tried to make a gas well out of it in the Yates. We perforated three times and we gave it three different acid treatments, plus a frac treatment and the most we ever got out of the Yates was about 200 MCF per day.

Q Mr. Yuronka, isn't it true that the No. 5 well got its allowable in January, 1955?

A Yes, sir.

Q That was completed though two and a half years ago, could you explain why?

A Well, it was making a spray of fluid. It was allotted an allowable of one barrel of oil per day.

Q In other words, it was classified as an oil well?

A It was on the oil proration schedule.

Q It was on the oil proration schedule?

A Yes.

Q It now appears on the gas?

A That is right, it has a GOR of 100,000 to one, and we asked that it be reclassified as gas under R-520.

Q Do you have anything on the southwest quarter?

A Of Section 7?

Q Yes, sir.

A Well 21 and 22. Mr. Reider inquired about them.

Q They are completed within the vertical limits of the Jalmat Pool, are they not?

A We tried to recomplete 21 as a gas well in the Yates, it failed. I wish to point one thing out in the failure, in the recompletion of these wells in the Yates, completion of these old wells or attempted recompletion as gas wells, we have found it very costly and a great many times they prove very ineffective. You do not get the gas that you can get out of drilling a brand new well. For instance, we drilled a well in Section 5, gas well

in the Yates, which was just about a half mile north of the No. 11, and that potentialed 23,000 MCF per day. That was a brand new well. This well 11 in our files blew out two or three times in completing it, I think, by our records, they threw everything but the kitchen sink in there to try and stop it. Consequently, we have not been able to complete it as a gas well.

Q Have you been able to complete any as a gas well in the southwest quarter? Is that the only experience you have had?

A No, 21 is the only well we attempted to recomplete in the southwest quarter.

Q That was unsuccessful?

A That was unsuccessful.

Q You say, despite that, it is productive of gas?

A In my opinion, yes, sir.

Q Any other production west of that?

A No, sir.

Q Do you have any other evidence to show that acreage would be productive of gas, aside from your opinion that the completion was bad?

A Yes.

Q That is all you are basing it on?

A That is right.

Q You have no evidence or testimony to give to show that it is productive?

A No, I am not prepared at the present time.

Q Did you make any attempt to dedicate the west half to any well in the northwest quarter?

A Would you mind repeating that?

Q I am sorry. The northwest quarter is not your acreage?

A No, it is not.

Q You don't know whether there is a gas well in the Jalmat in that quarter, or not?

A To my knowledge there isn't any.

Q Mr. Yuronka, are you familiar with the Commission's Staff statement as to the radial influence of a well?

A Yes, sir.

Q Would you state to the Commission how far from this well we are referring to, the farthest point in the proposed unit would be?

A The effect of radial influence or radius influence that you are talking about, or what?

Q I asked you if you were familiar with their radial influence statement that was made?

A Yes.

Q What is the distance from your well to the farthest point in the unit which you are now proposing?

A That well is 660 feet from the east line, 3750 would be 4410 feet. That would be, by their definition it would exclude the west half of the southwest quarter, approximately.

Q You mean the radial influence would exclude?

A That the Commission Staff has mentioned.

Q I see.

A Yes, sir.

MR. KELLAHIN: That is all.

MR. MACEY: Any other questions of the witness? Mr. Rhodes?

By MR. RHODES:

Q Mr. Yuronka, that Well No. 12, isn't that right on top of the reef reflex there?

A Yes, sir.

Q Doesn't that reef fall off pretty fast as you go to the west?

A Fairly fast, yes.

Q Do you care to make an estimate as to how fast?

A No, sir, I sure wouldn't.

MR. RHODES: That is all.

MR. MACEY: Any other questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. HINKLE: If the Commission please, Clarence Hinkle, Roswell. I would like to make a statement on behalf of the Humble. I don't know whether this statement is applicable to this case, however, if it is we would like to have it in the record.

Humble would like to reiterate that which it has stated in connection with other cases where both oil and gas are being withdrawn from a common reservoir, that any order of the Commission should provide for equitable withdrawals on a volumetric basis, so as not to permit two allowables, or production in excess of a normal allowable from any proration unit. We do not believe correlative rights can otherwise be preserved.

MR. CAMPBELL: I would like to make a statement in that regard.

MR. KELLANIN: Would you like for me to make my statement first?

MR. CAMPBELL: I yield.

MR. KELLAHER: I would like to make a statement on behalf of Continental Oil Company. It is Continental's position that the Commission, having adopted a rule as to the amount of acreage which should be dedicated to a well, based on its location within the unit, that the Commission should look very very closely before they grant an exception to it, and under the rules, Texas Pacific Coal and Oil Company would have been entitled to dedicate the east half of the section without any exception. If you approve the south half of the unit it violates Rule 5(a) of the Jalmat Pool Rules. We don't feel there has been sufficient evidence presented at this hearing to show that the southwest quarter is productive of gas to justify an exception at this time.

MR. CAMPBELL: Jack Campbell. If the Commission please, I would like to make a statement in connection with the volumetric withdrawal business. I gather from the questions of the staff and Mr. Hinkle's statement, that the rule, as I understand it, under present orders of the Commission, is being questioned in particular cases. It is my understanding of the present rules, where you have an oil well and a gas well even producing from the same interval, but defined as an oil well and a gas well, that you are entitled to a full gas allowable and an oil allowable subject to the gas-oil ratio limitation of the order.

The anomalies existing in this particular area made it apparent throughout the entire hearings that there would be situations such as this, and there have been many situations, particularly with reference to dual completions, such as this, where these allowables are being obtained both from oil wells allowed to produce

within the gas-oil ratio limit and at the same time, a gas well attributed to the same acreage. I believe that is the way the rule is now written. If the Commission contemplates any change in that rule, I think it should do so after notice and hearing.

I further feel that if the Commission is reclassifying these wells from gas wells to oil wells, under any circumstances other than the change of the productive situation, whereby the gas-oil ratio exceeds the present definition, that it should be done only after notice and hearing to the people whose wells are involved.

MR. MACEY: I think the reclassification was solely a matter of vertical limits where they reclassified wells. I could be wrong, but I think an examination of the vertical limits on its wells showed that the wells were completed within the Jalmat interval rather than the South Eunice interval, and, therefore, they were put in as oil wells in the Jalmat Gas Pool.

MR. CAMPBELL: That would be a different situation. If it was a determination of a fact situation, based on the present definition of the pool, if it involves any change in the definition of the pool, that then is another matter.

MR. MACEY: I could be wrong in what I just said. I believe that what Mr. Yuronka referred to was a letter that Mr. Stanley wrote to not only Texas Pacific, but a number of other operators in which, after the examination of the vertical limits of a pool, the examination of the logs, they determined that the well was an oil well in the Jalmat Pool. The operators, in accordance with the Pool Rules the operators have a right to protest that determination. If that is the case, then we can set it for hearing. Is that correct, Mr. Stanley?

MR. STANLEY: Yes, sir. I would like to make a statement. I recommend that next month or the following month, this Commission on their own motion, examine producing wells in the Eumont Pool, for the following reason. I believe that Texas Pacific Coal and Oil Company, in their request for 320 acres, probably is no different from the DC orders that have been granted on the west side of the Eumont Pool, and I specifically state DC Order 78, for Amerada State WEA No. 2 in Section 1, 21, 35, whereby gas is being produced from the Seven Rivers and oil from the Queens. DC Order 116 on Amerada State WEE No. 1, whereby the Middle Seven Rivers is productive of gas and the oil from the Lower Seven Rivers. Amerada State WEF No. 1 in Section 1, 21, 35, DC Order No. 138, where gas is productive from the Middle Seven Rivers and oil from the Lower Seven Rivers. The Charm Oil Company's Superior State No. 1 on DC Order No. 126, where gas is produced from the Yates and oil from the Seven Rivers. Then, there are other cases like the Skelly Oil Company, in the granting of a 320-acre gas allowable in Section 2, 21, 35, in MW No. 1, 320 acres of gas proration producing from the same interval as the oil wells in No. 2, 3 and 4.

I believe that this Commission should re-examine and have a cause for hearing for such a case as Texas Pacific Coal and Oil here.

MR. MACEY: Anyone else? For your information we have already scheduled that hearing.

MR. STANLEY: Thank you.

MR. MACEY: Anyone have anything further in this case? If not we will take the case under advisement.

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 19th day of March, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

BEFORE THE OIL CONSERVATION COMMISSION OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
TEXAS PACIFIC COAL AND OIL COMPANY)
FOR AN EXCEPTION TO RULE 5(a) AND)
5(b) OF THE SPECIAL RULES FOR THE)
JALMAT GAS POOL, LEA COUNTY, NEW)
MEXICO, FOR ITS STATE "A" A/C-2 WELL)
#12, BEING 660 FT. FROM THE EAST LINE)
AND 1980 FT. FROM THE SOUTH LINE OF)
SECTION 7, TOWNSHIP 22 SOUTH, RANGE 36)
EAST, N.M.P.M. LEA COUNTY, NEW MEXICO)

Case No. 857

COMES NOW Texas Pacific Coal and Oil Company and requests the Commission to grant it an exception to Rule 5 of the Special Rules of the Jalmat Gas Pool for its State "A" a/c-2 Well #12, and for its grounds therefor states:

1. Applicant seeks a non-standard gas proration unit consisting of the $S\frac{1}{2}$ of Section 7, Township 22 South, Range 36 East, N.M.P.M. Lea County, New Mexico, and the allocation of an appropriate gas allowable to said unit.
2. The well to which Applicant seeks to have the allowable granted for its State "A" a/c-2 Well #12 is situated 660 ft. from the East line and 1980 ft. from the South line of said Section 7. All of the said gas proration unit lies wholly within a single governmental section.
3. There is attached hereto a plat showing the acreage to be dedicated, the well location and the offset ownership.
4. The granting of the exceptions requested herein will not adversely affect the correlative rights of any offset owners and will protect the correlative rights of Applicant and prevent waste and avoid the drilling of unnecessary wells.

WHEREFORE, Applicant requests the Commission to set this matter down for hearing, to publish notice as required by law and to issue its order granting Applicant an exception to the rules of The Commission noted herein for its State "A" a/c-2 Well #12, and allocating to the said well a 320-acre gas proration unit consisting of the $S\frac{1}{2}$ of Section 7, Township 22 South, Range 36 East, N.M.P.M. Lea County, New Mexico.

TEXAS PACIFIC COAL AND OIL COMPANY

By Robert W. Davis *[Signature]*

11-0 1 11

TEXAS PACIFIC COAL AND OIL COMPANY

GENERAL OFFICES

FORT WORTH 1

TEXAS

February 18, 1955

Mr. W. B. Macey, Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Attached in triplicate is a request for an exception to Rule 5 of the Special Rules of the Jalmat Gas Pool for Texas Pacific Coal and Oil Company's State "A" A/C 2 Well No. 12. In this request we seek formation of a non-standard 320 acre gas proration unit.

Attached also, in triplicate, is a plat showing the acreage to be dedicated, the well location, and the offset ownership.

Yours very truly,

TEXAS PACIFIC COAL AND OIL COMPANY

By

R. W. Hines

Assistant Manager of Production

R. W. Hines:B
Attachments
CC: Jack M. Campbell
J. P. White Building
Roswell, New Mexico

