

Casa No.

884

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Application, Transcript,  
Small Exhibits, Etc.

Case 874: Application of the Oil Conservation Commission upon its action  
for an order deleting the Queen formation as a producing horizon  
for the Penrose-Skelly Pool in Las Alamos County, New Mexico, and extending  
the Huront Gas Pool to include:

Township 21 South, Range 37 West  
N/2, SE/4, and E/2 SW/4 of Section 16  
all of Sections 16, 17, 20 and 21

Purpose: To extend the pool for the inclusion of-

N. B. Hunt Mary Wantz #1 SW 1/4 Sec. 21-21-37	GCR	463,384	Queen producer
N. B. Hunt Mary Wantz #2 SW 1/4 Sec. 21-21-37	"	641,320	" "
N. B. Hunt Weatherly #1 SW 1/4 Sec. 21-21-37	"	442,966	" "

These three wells have been reclassified from oil wells in the Penrose  
Skelly to gas wells in the Huront, and operator has asked for non-standard  
proration units for all three under Case 873 (Weatherly #1 NW/4 and W/2 NE/4-  
240 acres) and MSP-131 (Wantz #1 S/2 S/2-160 acres) and MSP-132 (Wantz  
#2 120 acres N/2 SW/4 and NW/4 SE/4)

# Memo

7/16/55

From  
WWM

To: Case # 884  
JWB

Go ahead and write  
order of dismissal.

In findings: Show that  
the matter was handled  
~~and approved~~ under Case # 1019  
on Feb 15, 1956 ~~and~~  
(WWM)

BEFORE THE  
Oil Conservation Commission

SANTA FE, NEW MEXICO  
April 21, 1955

IN THE MATTER OF:

CASE NO. 884 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
April 21, 1955

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion for an order deleting the Queen Formation as a producing horizon for the Penrose-Skelly Pool in Lea County, New Mexico, and extending the Sumont Gas Pool to include:

Case No. 884

TOWNSHIP 21 SOUTH, RANGE 37 EAST  
N/2, SE/4 and E/2 SW/4 of Section 8;  
all of Sections 16, 17, 20 and 21

BEFORE:

Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACKEY: The next case on the docket is Case 884.

MR. KITTS: I would like to make a brief statement for the record in this case, as it appears on the docket sheet and as it appears in the advertisement. It seems from the wording that the intent of the application of the Commission was to delete the Queen formation from the entire Penrose-Skelly Pool, at least the language is subject to that construction.

However, as will appear from the testimony, the deletion of the Queen Formation is only sought in the area set forth on the docket sheet in the area described. In any event, we feel no harm has been done because we feel the hearing is within the scope of the advertisement.

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

S. J. STANLEY,

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

DIRECT EXAMINATION

By MR. KITTS:

Q State your name?

A S. J. Stanley.

Q You are the same Mr. Stanley who just testified?

A Yes, sir.

Q You are familiar with this Case 884?

A Yes, sir.

Q You have a statement to make?

A Yes, sir, I recommend that in this particular case the Commission delete the advertised area from the Penrose-Skelly Pool and incorporate it within the Eumont Gas Pool. The Eumont Gas Pool vertical limits are the Yates, Seven Rivers and Queen. I believe that the vertical limits, as defined by the Commission, of the Penrose-Skelly is the Queen and Grayburg. Therefore, by deleting this particular area from the Penrose-Skelly Pool and adding it and extending the advertised area to the Eumont Pool, it is necessary, due to the fact that we have reclassified in accordance with Order R-520, three wells that have had a gas-oil ratio in excess of 100,000 to 1.

In studying these wells geologically, I believe they are producing from the Queen and, therefore, in order for said operator, namely, N. B. Hunt, to obtain a standard proration unit or a non-standard proration unit in this case, as a gas well, we do recommend that this pool be extended as advertised.

Q Do you have the names of the wells?

A Yes, sir. They are H. B. Hunt Wells No. 1 in Section 21, Township 21 South, Range 37 East; the Wells No. 2 in the same section and the Weatherlie No. 1 in the same section.

Q Have you prepared any exhibits in connection with that?

A Yes, sir.

(Marked Commission's Exhibit  
No. 1, for identification.)

MR. KITTS: We offer Exhibit No. 1 in evidence.

MR. MACEY: Without objection it will be received.

MR. KITTS: That is all.

MR. MACEY: Any questions of the witness? Off the record.

(Discussion off the record.) (Witness excused.)

MR. MACEY: We will continue the case until May and try to determine whether the proposal is feasible as far as deleting the entire area from the Penrose-Skelly, or whether we should delete just the Queen formation from the Penrose-Skelly Pool in that area.

MR. KELLAHIN: I would like to ask, if the Commission please, in the event you are going to hold this case open, I wonder if it would be possible to present further testimony in the other case, 873, if it is necessary? You can't reach a decision in 873 until you do decide that.

MR. MACEY: There is no question. We couldn't possibly write an order in Case 873 until this matter is solved because it involves putting the area under consideration in the Eumont Gas Pool. Therefore, we are going to have to hold your cases in abeyance, pending the decision in this case. In the event any testimony in this matter involves your application rather, why you certainly would have the right to put any testimony in the record.

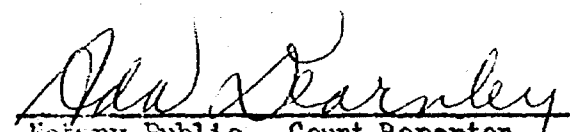
MR. KELLAHIN: Thank you.

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

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 1st day of May, 1955.

  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955



BEFORE THE  
Oil Conservation Commission  
SANTA FE, NEW MEXICO  
May 19, 1956

IN THE MATTER OF:

CASE NO. 884

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico

IN THE MATTER OF:

Application of the Oil Conservation Commission  
upon its own motion for an order deleting the  
Queen formation as a producing horizon for the  
Penrose-Skelly Pool in Lea County, New Mexico,  
and extending the Sumont Gas Pool to include:

Case No. 884

Twp. 21 South, Rge. 37 East  
N/2, SE/4 and E/2 SW/4 of Section 8  
all of Sections 16, 17, 20 and 21

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 884.

S. J. STANLEY,

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

DIRECT EXAMINATION

By MR. REIDER:

Q Mr. Stanley, you have been previously sworn in this case?

A Yes, sir, I have.

Q Will you state your name and position?

A S. J. Stanley, Engineer for the Oil Conservation Commission.

Q Mr. Stanley, you are familiar with Case 884?

A Yes, sir, I am.

Q In connection with that Case 884, you have certain recommenda-

tions to make. Will you state your recommendations and give the basis for these recommendations?

A Yes, sir, I will. Case 8-4 is the result of wells owned by E. B. Hunt, which produced with gas-oil ratios in excess of 100,000 to 1, and are, therefore, classified as gas wells in accordance with Order R-520, in which the Penrose-Skelly Pool is mentioned.

Secondly, a study of the wells in the area show that they are producing gas from the Queen Formation. The wells were originally classified in the Penrose-Skelly Pool, and are presently classified as Penrose-Skelly oil wells.

The vertical limits of the Skelly-Penrose Pool, as defined by the Commission, are the Queen and the Grayburg. The Eumont Pool produces from the Yates, Seven Rivers and Queen, as defined by the Commission. It is evident that if the area advertised is incorporated into the Eumont Pool, then the net result would be the overlapping of two pools, that is the Eumont and the Penrose-Skelly. If this is done, then one solution might be to delete the Queen from the Penrose-Skelly Pool, as advertised in that area. This could be done on a temporary basis until such time as the Eumont Pool and its problems are resolved.

Q Do you have an exhibit?

A I introduced an exhibit, I believe, last month.

MR. REIDER: We will offer the exhibit introduced last month.

Q Do you have anything further to submit at this time?

A No, sir.

MR. MACEY: I think the exhibit was admitted. In the event it was not offered, the record will show.

MR. REIDER: We would offer in evidence exhibit 1.

MR. MACEY: The exhibit will be received.

MR. REIDER: No further questions.

MR. MACEY: Any questions of the witness?

MR. NESTOR: Mr. Nestor, for Shell Oil Company.

CROSS EXAMINATION

By MR. NESTOR:

Q Mr. Stanley, do you feel there is adequate proof of connection between the Queen reservoir in the area in question and the Queen gas reservoir, and the Eumont?

A Yes, sir, I do. I believe that the Queen reservoir extends to Grand Falls, Texas, some eighty miles south.

Q Do you think it is completely connected?

A Yes, sir.

Q You then recognize the complications of further tying together these oil and gas pools in this particular vicinity?

A I believe they are all interconnected.

Q It is your feeling, if I understand your recommendation correctly, that pending settlement of the complication now existing in the currently defined Eumont gas area, that it might be advantageous to postpone actual addition to this area, to that presently constituted? Do I understand you correctly?

A Yes, sir, I want to do this on a temporary basis. If we could possibly postpone this case and still allow M. B. Hunt the right to produce into a pipeline, I would agree to that. I have only recommended a temporary order, because I feel that after the conclusion of the study of the Eumont Pool, it may be necessary to

4  
relate this particular area. My only recommendation is to put M. B. Hunt in such a position, or in such a pool whereby he will be capable or be enabled to obtain his gas allowable.

MR. NESTOR: No further questions.

MR. MACEY: Does anyone else have any questions of the witness? Mr. Stanley, if we could reach some agreement with M. B. Hunt, whereby his wells would be, so-called, limited in their production to approximately what the Eumont gas allowable would be, without extending the area, we would probably be on a little better ground?

A Yes, sir, I believe so. The complication in this particular problem, that in order to extend the Eumont Pool, we have to incorporate an area whereby the operators have completed their wells in good faith and in my classification, certain wells, and studies of the files in the Commission Office, I have found in this particular area there are wells that are producing both from the Queen and Grayburg. It would complicate the area. Therefore, any plan to allow M. B. Hunt to obtain his allowable would be fine, regardless of whether we extend the pool or not.

MR. MACEY: Mr. Nestor, I take it from your questions that you felt that we might be complicating things unduly, if we proceeded along the lines of the application. Do you think it would be proper procedure to allow M. B. Hunt to go ahead and produce the wells as gas wells, providing they didn't pull the wells too much?

A Yes.

MR. NESTOR: We have no particular objection to that. That is really not a part of the problem that concerns us.

MR. JACOB: Is it not the production, it is that we would be complicating the present problem?

MR. HASTON: That is right.

MR. JACOB: We will take the case under advisement, with the idea in mind of dismissing the case if some arrangement can be made with Mr. [redacted] to produce his wells on an equitable basis.

(Witness excused.)

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 1st day of June, 1955.

*Ada Dearnley*  
Notary Public, Court Reporter

My Commission Expires:  
June 19, 1955

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

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 884  
Order No. R-\_\_\_\_\_

THE APPLICATION OF THE OIL CONSERVATION COMMISSION  
UPON ITS OWN MOTION FOR AN ORDER DELETING THE QUEEN  
FORMATION AS A PRODUCING HORIZON FOR THE PENROSE-SKELLY  
POOL IN LEA COUNTY, NEW MEXICO, AND EXTENDING THE EUMONT  
GAS POOL TO INCLUDE THE N/2, SE/4, AND E/2 SW/4 OF SECTION 8,  
ALL OF SECTIONS 16, 17, 20, AND 21, TOWNSHIP 21 SOUTH, RANGE  
37 EAST, NEEM, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 20, 1955, and on  
May 18, 1955, at Santa Fe, New Mexico, before the Oil Conservation Commission, herein-  
after referred to as the "Commission".

Now, on this \_\_\_\_\_ day of June, 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 there are several high gas-oil ratio wells producing from the  
Queen formation in the Penrose-Skelly Oil Pool Area, and
- (3) That the deletion the Queen formation from the Penrose-Skelly Oil Pool  
Area would necessitate the reclassification of a great number of producing oil wells  
and such reclassification would be complicated by the present completion of many such  
wells in both the Queen and Grayburg formations, and
- (4) That to reclassify those high gas-oil ratio <sup>wells</sup> after deleting the Queen  
formation from a portion of the Penrose-Skelly Oil Pool and extending the Eumont Gas  
Pool to include the N/2, SE/4, and E/2 SW/4 of Section 8, and all of Sections 16, 17,  
20 and 21, Township 21 South, Range 37 East, Lea County, New Mexico, would be premature  
at this time in view of pending Case 881 which concerns the revision of certain rules  
as set forth in Order R-520 for the Eumont Gas Pool.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission upon its own motion for  
an order deleting the Queen formation as a producing horizon for the Penrose-Skelly Pool  
in Lea County, New Mexico, and extending the Eumont Gas Pool to include the E/2, SE/4;  
and E/2 SW/4 of Section 8, all of Sections 16, 17, 20, and 21, Township 21 South, Range  
37 East, be, and the same hereby is dismissed.

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

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 884  
Order No. R-765

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION OF  
NEW MEXICO UPON ITS OWN MOTION  
FOR AN ORDER DELETING THE QUEEN  
FORMATION AS A PRODUCING HORIZON  
FOR THE PENROSE-SKELLY POOL IN  
LEA COUNTY, NEW MEXICO AND EXTEND-  
ING THE EUMONT GAS POOL TO INCLUDE  
THE N/2, SE/4 AND E/2 SW/4 OF  
SECTION 8, ALL OF SECTIONS 16, 17,  
20 AND 21, TOWNSHIP 21 SOUTH, RANGE  
37 EAST, NMPM, LEA COUNTY, NEW  
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
April 20, 1955 and again on May 18, 1955 at Santa Fe, New Mexico  
before the Oil Conservation Commission of New Mexico hereinafter  
referred to as the "Commission".

NOW, on this 14<sup>th</sup> day of March 1956, 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 the Commission, by its own motion, on February  
15, 1956, heard Case No. 1019, which case was broader in scope than  
Case No. 884 and included all of the changes proposed in Case No.  
884.

(3) That Case No. 884 should be dismissed.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission  
upon its own motion for an order deleting the Queen formation as  
a producing horizon for the Penrose-Skelly Pool in Lea County,  
New Mexico and the extension of the Eumont Gas Pool to include:



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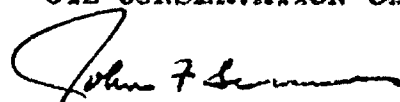
Order No. R-765

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPH  
N/2, SE/4 and E/2 SW/4 Section 8  
All of Sections 16, 17, 20 and 21

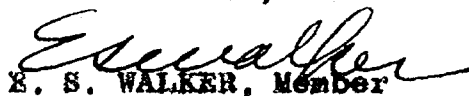
be and the same is hereby dismissed.

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

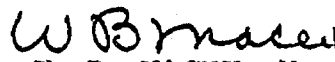
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



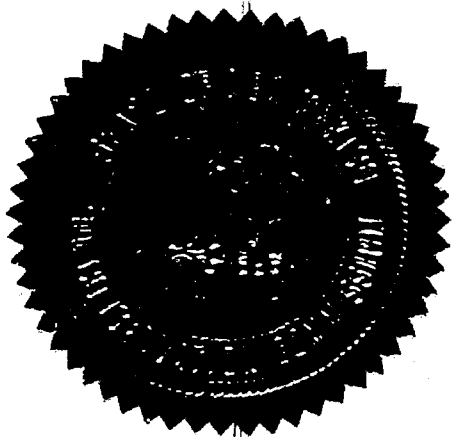
JOHN F. SIMMS, Chairman



E. S. WALKER, Member



W. B. MACEY, Member and Secretary



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