

Casa No.

898

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
May 16, 1956

IN THE MATTER OF:

CASE NO. 898

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
May 12, 1955

IN THE MATTER OF:

The application of Stanolind Oil and Gas Company
for approval of a non-standard gas proration
unit.

Applicant, in the above-styled cause, seeks an
exception to Rule 5(a) of the Special Rules and
Regulations for the Sumont Gas Pool, as set
forth in Order R-520, to permit the establish-
ment of a 320-acre non-standard gas proration
unit consisting of Lots 7, 8, 9, 10 and SE/4 of
Section 2, Township 21 South, Range 36 East,
Lea County, New Mexico, and to be dedicated to
applicant's State "C" Tract 11, Well No. 1,
located 660 feet from the south and east lines
of said Section 2.

Case No. 898

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 898.

R. G. H I L T Z

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

DIRECT EXAMINATION

By MR. SMITH:

Q Will you state your name, please?

A R. G. Hiltz.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

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

Q You have testified before the Commission on other occasions, have you not?

A Yes, I have.

MR. SMITH: I will ask the Commission if the qualifications as an expert witness are acceptable?

MR. MACEY: They are.

Q Directing your attention to Case 898, which is the application of Stanolind Oil and Gas Company for approval of a 320-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, to consist of Lots 7, 8, 9, 10 and southeast quarter of Section 2, Township 21 South, Range 36 East, and to be dedicated to applicant's State "C" Tract 11, Well No. 1, located 660 feet from the south and east lines of Section 2, do you have a map or exhibit which would reflect the location of that well?

A Yes, sir, I do.

(Marked Stanolind Oil and Gas Company's Exhibit No. 1, for identification.)

Q Where is this well located with reference to the Exhibit 1?

A On Stanolind's Exhibit No. 1, the well is shown to be located on Stanolind's State "C" Tract 11 lease, 660 feet from the south line and 660 feet from the east line of Section 2, Township 21 South, Range 36 East.

Q How does the 320 acres proposed to be included within the unit lie with respect to the Section?

A By my manner of description, the proposed proration unit would comprise the most southerly 320 acres in Section 2, which is an over-sized governmental sub-division.

Q It does not constitute a complete half-section, in other words?

A That is correct. It is only the 320 acres as indicated, as outlined in red.

Q What is the completion history of the well?

A This well was originally completed in November of 1937, as a Eunice Oil Well, with an initial potential of 100 barrels per day in the Grayburg Formation. Subsequently, however, the Grayburg section was abandoned by squeeze cementing, and the well was completed as a gas well in the Eumont Gas Pool in February of 1954.

Q Is that its current status? Is it still a gas well in the Eumont Gas Field?

A Yes, it is.

Q What is the current situation with reference to the proration unit in which the well is located?

A The well is currently assigned a proration unit comprising the southeast quarter of Section 2 on a total of 160 acres.

Q What do you propose with reference to the unit to be formed?

A As previously stated, we propose to enlarge the unit by the inclusion of the 160-acre quarter section immediately to the north of the present proration unit.

Q Are there other proration units in the vicinity?

A Yes, sir, there are a number of them.

Q Do you have a map showing that?

A Yes, I do.

(Marked Stanolind Oil and Gas Company's
Exhibit No. 2, for identification.)

Q Will there be any interference, by reason of the formation of this 320-acre unit because of the other units in the vicinity?

A It is obvious that the proration units in this area of the

field vary greatly in size, ranging, as shown on this map, from wells 40 acres in size to 320 acres, and it is obvious that there is no uniformity in size or shape, of the existing proration units in the area. That has been occasioned, of course, by the fact that a majority of the wells have been, the gas completions rather, have resulted, either from recompletions or dual completions of existing wells.

Q What is your testimony with reference to whether or not the additional acreage to be included within the proposed unit is productive?

A Referring to our Exhibit No. 1, it is readily apparent that the proposed proration unit is entirely surrounded by producing gas wells. On Exhibit 1 we have circled those wells in orange. In addition, Exhibit 1 has been contoured on top of the Yates Formation, as prescribed by the New Mexico Oil Conservation Commission, and based on our interpretation of the structure in this area there are no structural barriers or anomalies which would act as an impediment to communication throughout the proposed proration unit area.

Q Do you have a cross-section of the productive area?

A Yes, sir. Again referring to Exhibit 1, you will note the trace of a cross-section indicated by a green line.

(Marked Stanolind Oil and Gas Company's Exhibit 3, for identification.)

A An examination of this cross-section will illustrate the fact that the Yates, Seven Rivers and Queens are readily identified, and can be easily correlated from well to well, indicating the section is continuous and there are no obvious impermeable barriers to

communication throughout the proposed proration unit area.

Q I believe you already testified that the unit that is proposed is surrounded by producing gas wells?

A Yes, sir, that is correct.

Q What is the situation with respect to common ownership of the working interest and royalty interest in the proposed unit area?

A In the proposed unit working area, the unit interest and working interest is common throughout.

Q It is all within one government section?

A That is correct.

Q Is the acreage continuous and contiguous?

A Yes, sir, it is.

Q It is all within what has been denominated by the Commission as the Eumont Pool?

A Yes, sir, that is correct.

Q Are there any other wells to which this acreage included in the proposed unit could be attributed?

A No, sir, there are no other gas wells on the 320 to which it can be assigned.

Q If the Commission should grant our request here, it would result, would it not, in the lack of necessity for drilling an unnecessary well?

A That is correct.

Q In other words, in your opinion, you would not acquire any more gas in any substantial quantities by reason of drilling an additional well on the 160 acres?

A No.

Q Will correlative rights be adequately protected by reason of the Commission's granting our request?

A In my opinion it will be.

Q It will give all the 40's in the area a chance to obtain the fair share of the gas in place, in your opinion?

A Yes, sir.

MR. MACEY: Any questions of the witness?

CROSS EXAMINATION

By MR. REIDER:

Q Would you repeat, Mr. Hiltz, the acreage you propose to dedicate, the lot numbers?

A There is some questions about the lot numbers. In our application we specified the most southerly 320 acres. However, I notice on the Commission's docket, they list that as Lots 7, 8, 9, 10. With the maps we have in our offices, that numbering is incompatible with the acreage that we described.

MR. REIDER: That is what we need here. As a matter of record, I would like that to show Lots 9, 10, 15 and 16 in the southeast quarter.

Q Further Mr. Hiltz, you feel that this well could make the additional allowable?

A Based on its current producing ability I do not, I am not certain that it could make the additional allowable. However, there is always the incentive to go in and restimulate the well and increase its productivity.

Q We rather question the ability of the well to produce. So you say you would go in and stimulate it so that it would go in and make its further allowable?

A I am not committing Stanolind to any rework plans on that well. I am stating that the incentive will be there to stimulate the well, if it is incapable of producing the allowable it would normally be assigned.

Q My only question is whether you are getting the cart before the horse, giving the additional allowable.

RE-DIRECT EXAMINATION

By MR. SMITH:

Q It is economically more feasible to rework a well than drilling another well in this area?

A I would say that is certainly true.

MR. REIDER: I wonder if it would be more practical to wait for the assignment --

MR. SMITH: Is the Commission committed to give us the 320 acres if we rework the well?

MR. REIDER: It might seem more justified.

MR. MACEY: Do you have anything further, Mr. Reider?

MR. REIDER: No.

MR. MACEY: Any other questions of the witness?

MR. SMITH: I would like to offer Stanolind's Exhibits 1, 2 and 3.

MR. MACEY: Without objection they will be received. Anything further?

MR. SMITH: Nothing further.

(Witness excused.)

MR. MACEY: If no further questions 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 24th day of May, 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 HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 898
Order No. R-656

THE APPLICATION OF STANOLIND OIL
AND GAS COMPANY FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
TO RULE 5 (a) OF ORDER NO. R-520 IN THE
ESTABLISHMENT OF A 320-ACRE NON-STANDARD
GAS PRORATION UNIT IN THE EUMONT GAS POOL,
CONSISTING OF LOTS 9, 10, 15 and 16, AND THE
SE/4 OF SECTION 2, TOWNSHIP 21 SOUTH, RANGE
36 EAST, NMPM, LEA COUNTY, NEW MEXICO,
AND THE ASSIGNMENT OF SAID ACREAGE TO
APPLICANT'S STATE "C" TRACT 11, WELL NO. 1,
LOCATED 660 FEET FROM THE SOUTH AND EAST
LINES OF SAID SECTION 2.

ORDER OF THE COMMISSION

BY THE COMMISSION:

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

NOW, on this 14th day of July, 1955, the Commission, a
quorum being present, having considered the records and the 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, Stanolind Oil and Gas 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 21 SOUTH, RANGE 36 EAST, NMPM
Lots 9, 10, 15, and 16 and the SE/4 of Section 2

containing 320 acres, more or less.

Order No. R-656

(4) That applicant, Stanolind Oil and Gas Company, has a producing gas well on the aforesaid lease, known as the State "C" Tract 11 well No. 1, located 660 feet from the South line and 660 feet from the East line of Section 2, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well was originally completed as an oil well in the Eunice Pool in November, 1947, and was recompleted as a gas well in the Eumont Gas Pool in February, 1954, which date precedes the effective date of Order No. R-520.

(6) That the aforesaid well is located within the horizontal limits of the Eumont Gas Pool, and is completed within the vertical limits of the Eumont Gas Pool.

(7) That the entire non-standard proration unit as herein proposed may be reasonably assumed to be productive of gas from the Eumont Gas Pool.

(8) That there have been no objections to the formation of the proposed 320-acre non-standard gas proration unit.

(9) That unless a proration unit consisting of the aforementioned acreage is permitted, applicant will be deprived of the full use and value of the acreage herein described and the gas well located thereon.

(10) That the creation of the gas proration unit herein described is in the interests of conservation and the protection of correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Stanolind Oil and Gas Company for the approval of a non-standard gas proration unit in the Eumont Gas Pool be and the same hereby is approved, and a proration unit consisting of the following described acreage in Lea County, New Mexico, is hereby created:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Lots 9, 10, 15 and 16 and the SE/4 of Section 2

containing 320 acres, more or less.

(2) That applicant's well, State "C" Tract 11 No. 1, located 660 feet from the South line and 660 feet from the East line of Section 2, Township 21 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 the Eumont Gas Pool, all until further order of the Commission.

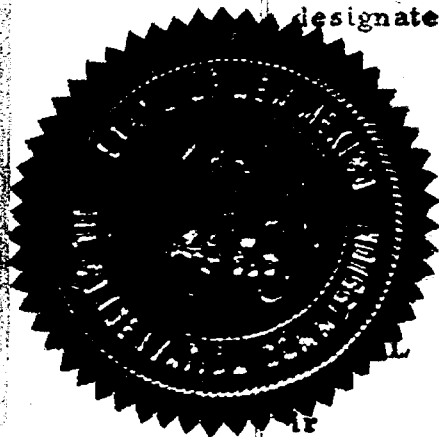
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

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



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 18, 1955

C
O
P
Y

Stanolind Oil & Gas Company
Oil and Gas Building
Fort Worth, Texas

Gentlemen:

We enclose a copy of Order R-656 issued on July 14, 1955,
by the Oil Conservation Commission in Case 898, which was heard
at the May 18th hearing upon your company's application.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Enclosure

STANOLIND OIL AND GAS COMPANY

MEMORANDUM

OIL AND GAS BUILDING

FORT WORTH, TEXAS

April 14, 1955

File: RGH-4186-986.510.1

Subject: Application for Non-standard
Gas Proration Unit
Eumont Gas Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

It is requested that a hearing be set on the application of the Stanolind Oil and Gas Company for an exception to Rule 5(a) of that part of New Mexico Oil Conservation Commission Order No. R-520 pertaining to the Eumont Gas Pool, Lea County, New Mexico. Exception to this rule will be sought for the purpose of forming a non-standard gas proration unit comprising the south 320 acres in the E/2 of Section 2, Township 21 South, Range 36 East. This non-standard unit would be assigned for gas allocation purposes to Stanolind's State "C" Tract 11 No. 1, located 660 feet from the south line and east line of Section 2, T-21-S, R-36-E, as shown on the attached plat.

The referenced well was originally completed in November, 1937, as an oil well in the Eunice Field and was recompleted in February, 1954, as a gas well in the Eumont Gas Pool. For allocation purposes, it is currently assigned a proration unit comprising the south 160 acres in the E/2 of Section 2, T-21-S, R-36-E. We should like to point out that the proposed non-standard unit is composed of contiguous quarter quarter sections which lie wholly within a single governmental section. The entire proposed unit may reasonably be presumed to be productive of gas and neither the length nor the width exceeds 5,280 feet. The entire proposed unit lies within the horizontal limits of the Eumont Gas Pool, as defined by the Commission.

All of the acreage in the proposed unit is a part of a single basic lease, and the working interest and royalty interest are common throughout. There are no other wells in this proposed unit to which the acreage could be assigned for gas allocation purposes.

Yours very truly,



ALEX CLARKE, JR.
Division Engineer

RGH:cp

STANOLIND OIL AND GAS COMPANY
FORT WORTH, TEXAS

April 14, 1955

File: RGH-4186-986.510.1

Subject: Application for Non-Standard
Gas Proration Unit
Eumont Gas Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 871
Santa Fe, New Mexico

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Yours very truly,

COPY

ALEX CLARKE, JR.
Division Engineer

RGH:cp