

Casa No.

900

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
**Oil Conservation Commission**

SANTA FE, NEW MEXICO

May 18, 1956

IN THE MATTER OF:

CASE NO. 900

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-8691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Albuquerque, New Mexico  
May 14, 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 360-acre non-standard gas proration  
unit consisting of SE/4, E/2 SW/4, S/2 NE/4 and  
SE/4 NW/4 of Section 33, Township 20 South,  
Range 37 East, Lea County, New Mexico, to be  
dedicated to applicant's O. J. Gilluly "D" Well  
No. 3, located 660 feet from the south line and  
1980 feet from the west line of said Section 33.

Case No. 900

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 900.

MR. SMITH: In this case the same as in Cases 898 and 899,  
Mr. Hiltz is our only witness and has been previously sworn. I  
will ask if his qualifications as an expert witness will be accept-  
able in this case also?

MR. MACEY: They will be.

R. G. H I L T Z ,

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

DIRECT EXAMINATION

BY MR. SAITH:

Q Will you state your name?

A R. C. Hiltz.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q In what capacity?

A I am a proration engineer in Stanolind's North Texas-New Mexico Division, in Fort Worth Texas.

Q Have you prepared a map or plat showing the location of the well in the unit which is the subject of this case?

A Yes, sir, I have.

(Marked Stanolind Gas and Oil Company's Exhibit 1, for identification.)

Q Directing your attention to what has been marked for identification as Stanolind's Exhibit No. 1, will you state the location of the well which is the subject of this application in Case 900?

A This well is located 660 feet from the south line and 1980 feet from the west line of Section 33, Township 20 South, Range 37 East, Lea County, New Mexico.

Q How many acres are included within the proposed unit?

A I believe there is a total of 360 acres.

Q Can you identify them by the respective governmental subdivisions?

A Yes.

Q What are those governmental sub-divisions?

Q It would comprise the southeast quarter of Section 33, the east half of the southwest quarter, the south half of the northeast

quarter and the southeast quarter of the northwest quarter, all in Section 33.

Q What is the completion history of the well?

A It was originally completed in April of 1937 as an oil well in the Grayburg, in the Junice Oil Pool, Junice-Monument Oil Pool with an initial potential in the Grayburg, it produced 60 barrels a day, with GOR of 2,500 to 1. This well was recompleted in May of 1951 as a gas well in the Sumont Pool. It was plugged back to a total depth of 3,645 feet and perforated in the Yates, Seven Rivers and Queen. On its initial test it produced 1,140 MCF per day with a flowing tubing pressure of 540 pounds.

Q What is the current status of the well?

A It is now a gas well producing from the Sumont Gas Pool with 160-acre gas proration unit assigned to it; the acreage comprising the east half of the southwest quarter and the west half of the southeast quarter of Section 33.

Q The proposed additions, of course, would be the governmental sub-divisions which you testified to a short time ago, with the exception of the presently included acreage?

A That is correct.

Q Do you have a map reflecting the other units in the vicinity of the proposed unit?

A Yes, sir, I do.

(Marked Stanolind Gas and Oil Company's Exhibit 2, for identification.)

Q What is the situation with respect to the other units in the vicinity of the proposed unit?

A As shown on Exhibit 2, we have outlined existing units in this

4

area in orange with the exception of the unit now under consideration, which has been outlined in red. It will be noted in this case too, that the proration units in this immediate area vary in size from 80 acres to 360 acres. Again, there is no particular uniformity in shape or size of the units. That can be attributed to the fact that a majority of the wells have resulted from dual completions or recompletions of existing wells.

Q Have you prepared a cross-section indicating the continuity of pay surrounding this well?

A Yes, sir.

(Marked Stanolind Oil and Gas Company's Exhibit No. 3, for identification.)

Q What is your opinion with respect to the capacity of this well, or the ability of this well to drain the proposed unit?

A In my opinion, the well will efficiently and adequately drain the acreage we propose to assign to the well.

Q Are there any anomalies that might act as impediment to such drainage?

A No, reference to Exhibit 1, that, based on the structure on top of the Yates there are no such anomalies.

Q The area is surrounded by producing gas wells?

A Yes, that is correct.

MR. SMITH: I would like to offer the Exhibits 1, 2 and 3.

MR. MACEY: Without objection they will be received.

Q Is the working interest and royalty interest common in the proposed unit?

A Yes, sir.

Q All in one section?

A Yes.

Q Is the acreage continuous and contiguous?

A Yes, sir.

Q All of the proposed unit is within the limits of the Sumont Gas Pool?

A Yes, sir.

Q Are there any other wells to which the acreage could be assigned?

A No, sir.

Q The granting of this application by the Commission would avoid the drilling of an unnecessary well, in your opinion?

A Yes, sir.

Q Will such action by the Commission prevent waste and protect correlative rights, in your opinion?

A Yes.

Q It will give the parties in the field an opportunity to recover their fair share of the reserves?

A Yes, sir.

MR. SMITH: That is all.

MR. MACEY: Any questions of the witness? Mr. Hiltz, in connection with your present proration unit, is there any, I believe it is Exhibit 2 which is the outline of the gas units presently in existence. Is there any unit to the west of you, or to the east of you, or to the north of you or to the south of you? Are you being directly offset in any single direction?

A There is no well immediately offsetting the proration unit. However, there are wells producing on all sides in the area involved.

MR. MACEY: You think, just in view of the fact that you re-worked the well in December, and on repotential, if it only made 1,090 MCF, that it would be capable of producing a 360 acre allowable?

A I believe it would. The information I have indicates that the 1,090 was against a flowing tubing pressure at the wellhead of 1150 pounds. While I don't have a back pressure test on the well subsequent to that time, I believe that indicates that the well is capable of producing the allowable to which it would be entitled. In addition to that, I have information on the producing capacity of all the wells surrounding the area which I have encircled on Exhibit 1, and if the Commission would like to have it, I would be happy to introduce that in order that you might have some idea as to the indicated current ability of the wells to produce.

MR. MACEY: No, I was mainly interested in the fact that the repotential test you have on Exhibit 3 is actually a deliverability test?

A Yes. That is not the absolute open flow. That is a deliverability test.

MR. BOSS: I would like to inquire if you thought the well would make the allowable sufficient for 640 acres?

A In my opinion, it probably would. If at all possible, we will in the future make an attempt to pool that acreage with other acreage in the same section, in order to obtain a 640 acre unit.

MR. MACEY: You would have to affect a communitization agreement with Continental and Gulf?

A Yes, that is correct.

MR. MACEY: The witness will be excused, and the case will be taken under advisement. (Witness excused.)



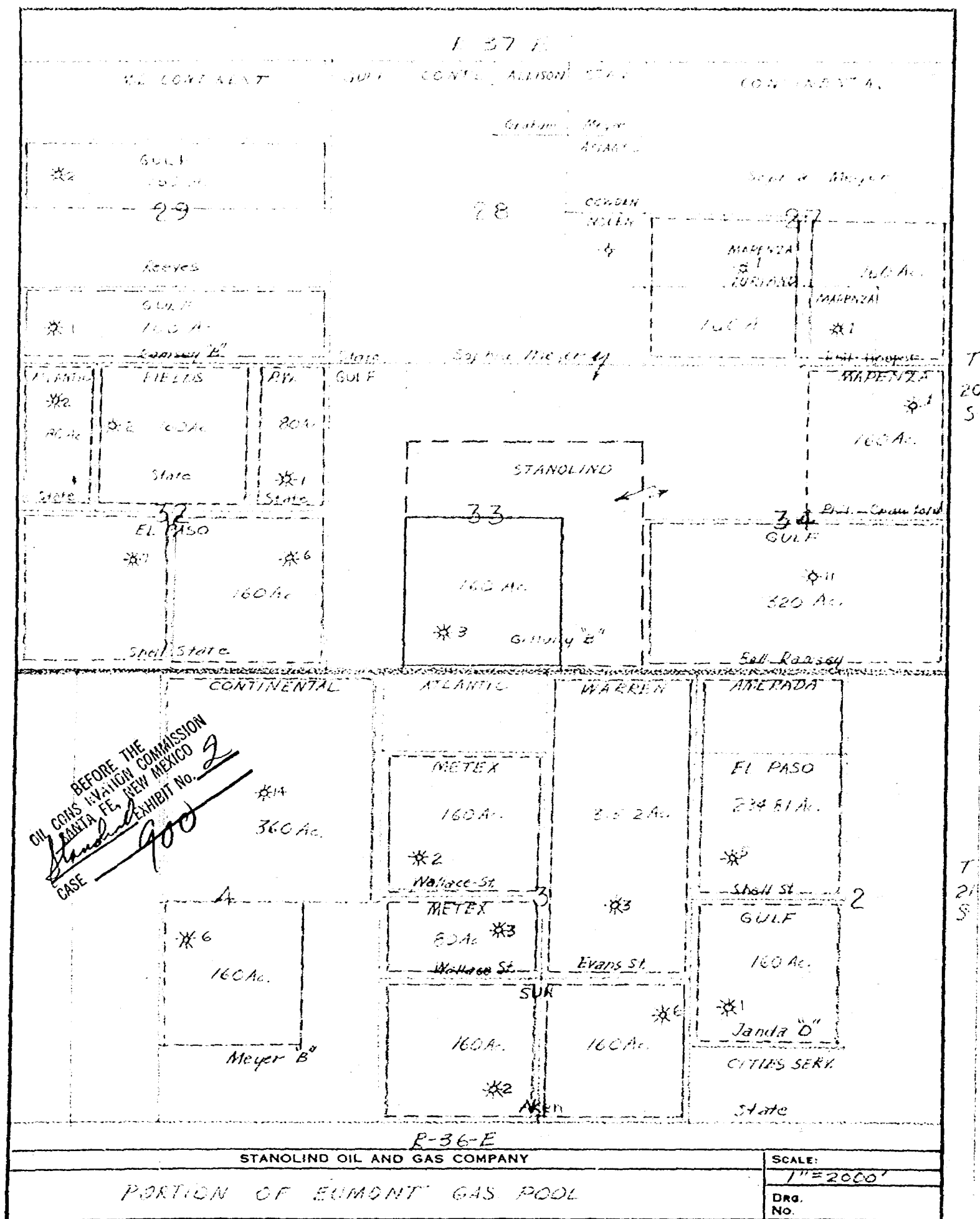
STATE OF NEW MEXICO )  
                              : ss.  
COUNTY OF BERNALILLO )

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 26th 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. 900  
Order No. R-657

THE APPLICATION OF STANOLIND OIL  
AND GAS COMPANY FOR AN ORDER  
GRANTING APPROVAL OF AN EXCEPTION  
PURSUANT TO RULE 5 (a) OF THE SPECIAL  
RULES AND REGULATIONS OF THE EUMONT  
GAS POOL OF ORDER NO. R-520 IN THE  
ESTABLISHMENT OF A 360-ACRE NON-  
STANDARD GAS PRORATION UNIT, CONSISTING  
OF THE SE/4, E/2 SW/4, S/2 NE/4, SE/4 NW/4  
IN SECTION 33, TOWNSHIP 20 SOUTH, RANGE  
37 EAST, NMPM, LEA COUNTY, NEW MEXICO,  
TO BE ASSIGNED TO THE O. J. GILLULLY "B"  
WELL NO. 3.

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 14<sup>th</sup> day of July 1955, the Commission, a quorum  
being present, having considered the record 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 the subject matter thereof.

(2) That pursuant to the provisions of Rule 5 (a) of the Special  
Rules and Regulations for the Eumont Gas Pool of Order No. R-520, the Com-  
mission 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 the 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 20 SOUTH, RANGE 37 EAST, NMPM  
SE/4, E/2 SW/4, S/2 NE/4, and SE/4 NW/4  
of Section 33

containing 360 acres, more or less.

Order No. R-657

(4) That applicant, Stanolind Oil and Gas Company, has a producing well on the aforesaid lease known as the O. J. Gullully "B" Well No. 3, located 660 feet from the South line and 1980 feet from the West line of Section 33, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid well is completed within the horizontal and vertical limits of the Eumont Gas Pool, as defined and delineated in Order No. R-520.

(6) 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 natural gas in the Eumont Gas Pool.

(7) That the 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 Stanolind Oil and Gas Company, for approval of an unorthodox or non-standard gas proration unit consisting of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
SE/4, E/2 SW/4, S/2 NE/4, and SE/4 NW/4 of Section 33

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

2. That applicant's well, the O. J. Gullully "B" Well No. 3, located in the SE/4 SW/4 of Section 33, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, shall be granted an allowable in the proportion that the above described 360-acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

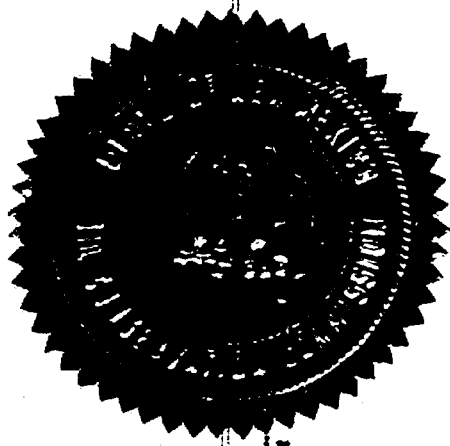
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

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



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

July 18, 1955

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

Gentlemen:

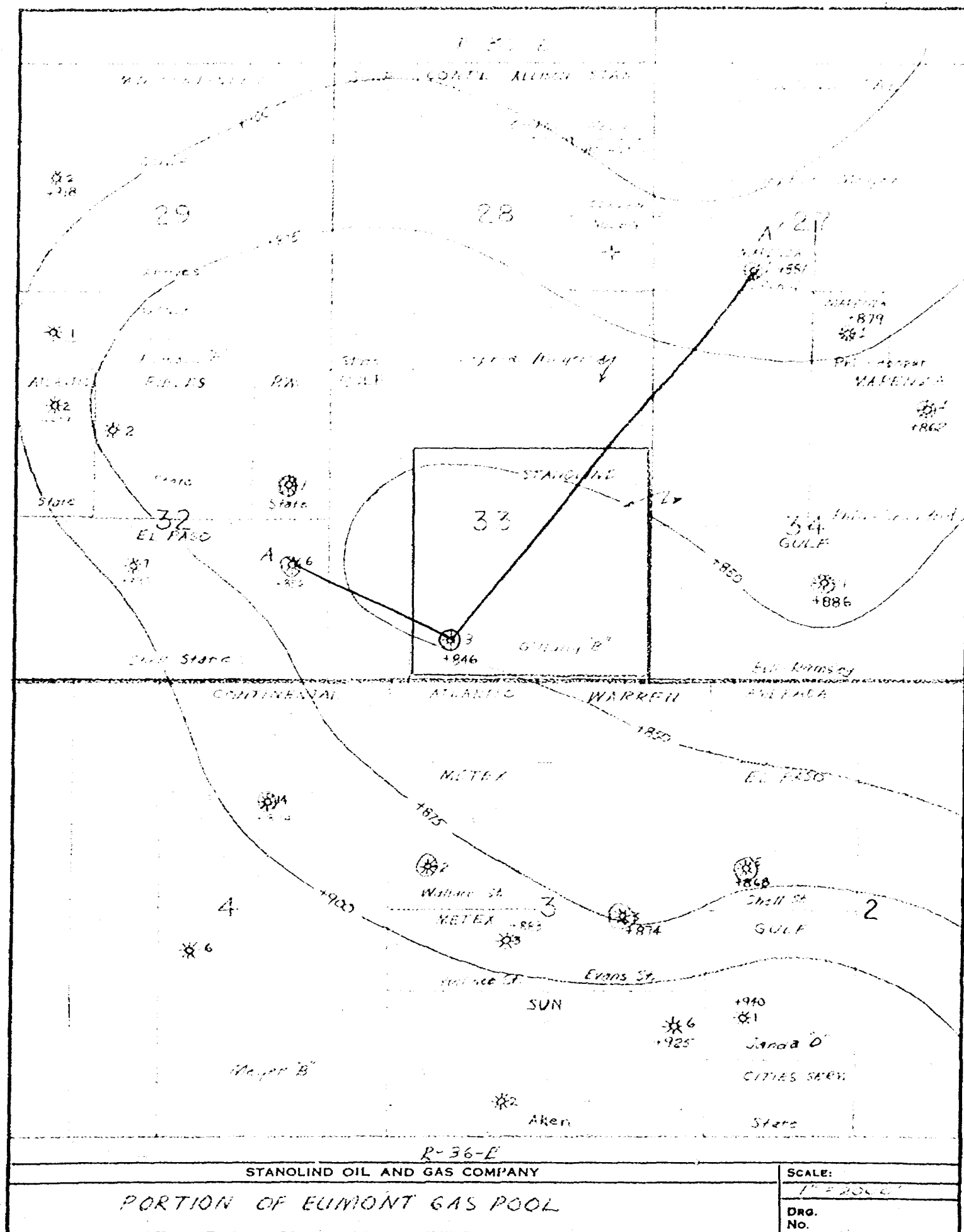
We enclose a copy of Order R-657 issued on July 14, 1955,  
by the Oil Conservation Commission in Case 900, which was heard  
at the May 18, 1955, hearing upon your company's application.

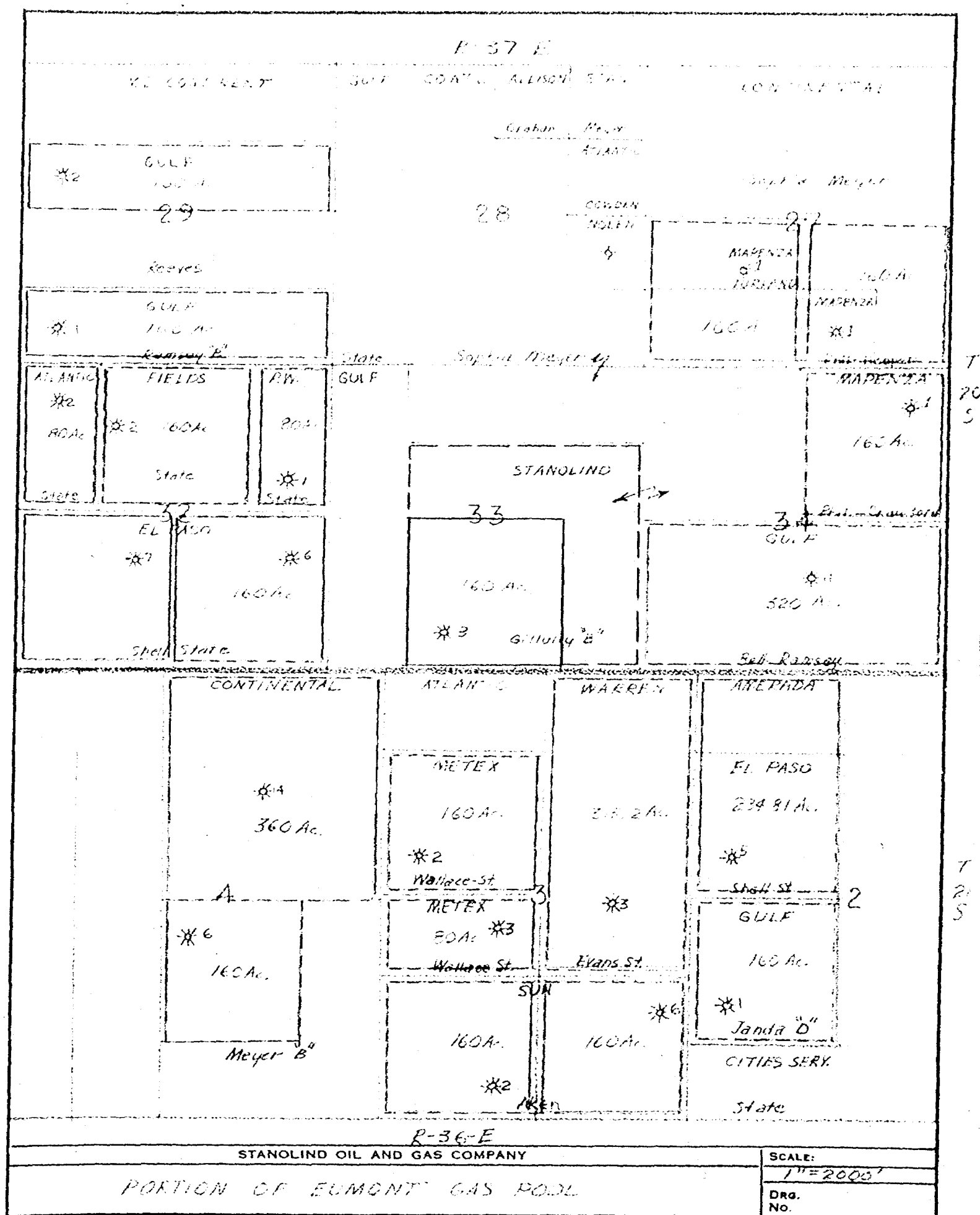
Very truly yours,

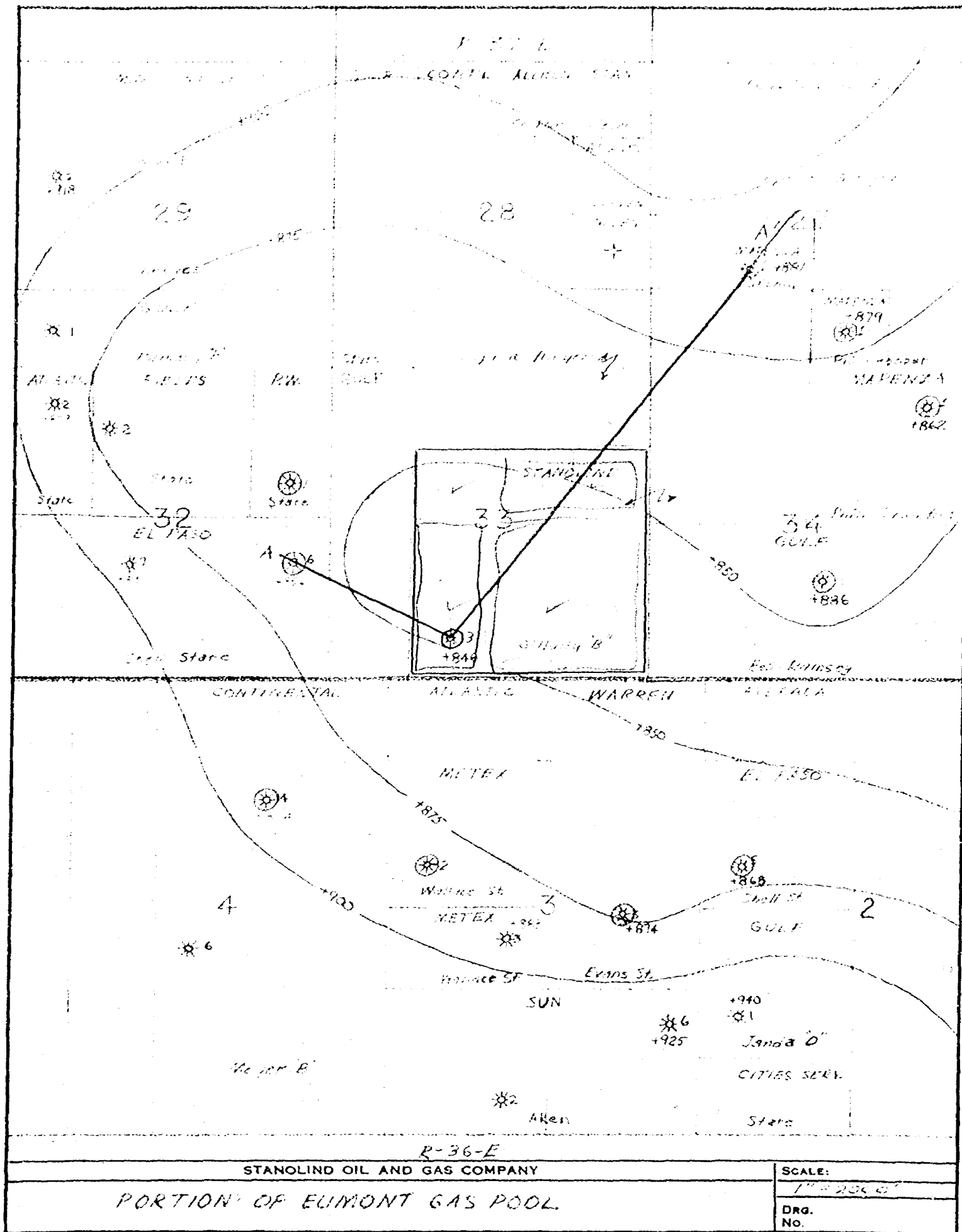
W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure

C  
O  
P  
Y









# SECTION PLAT

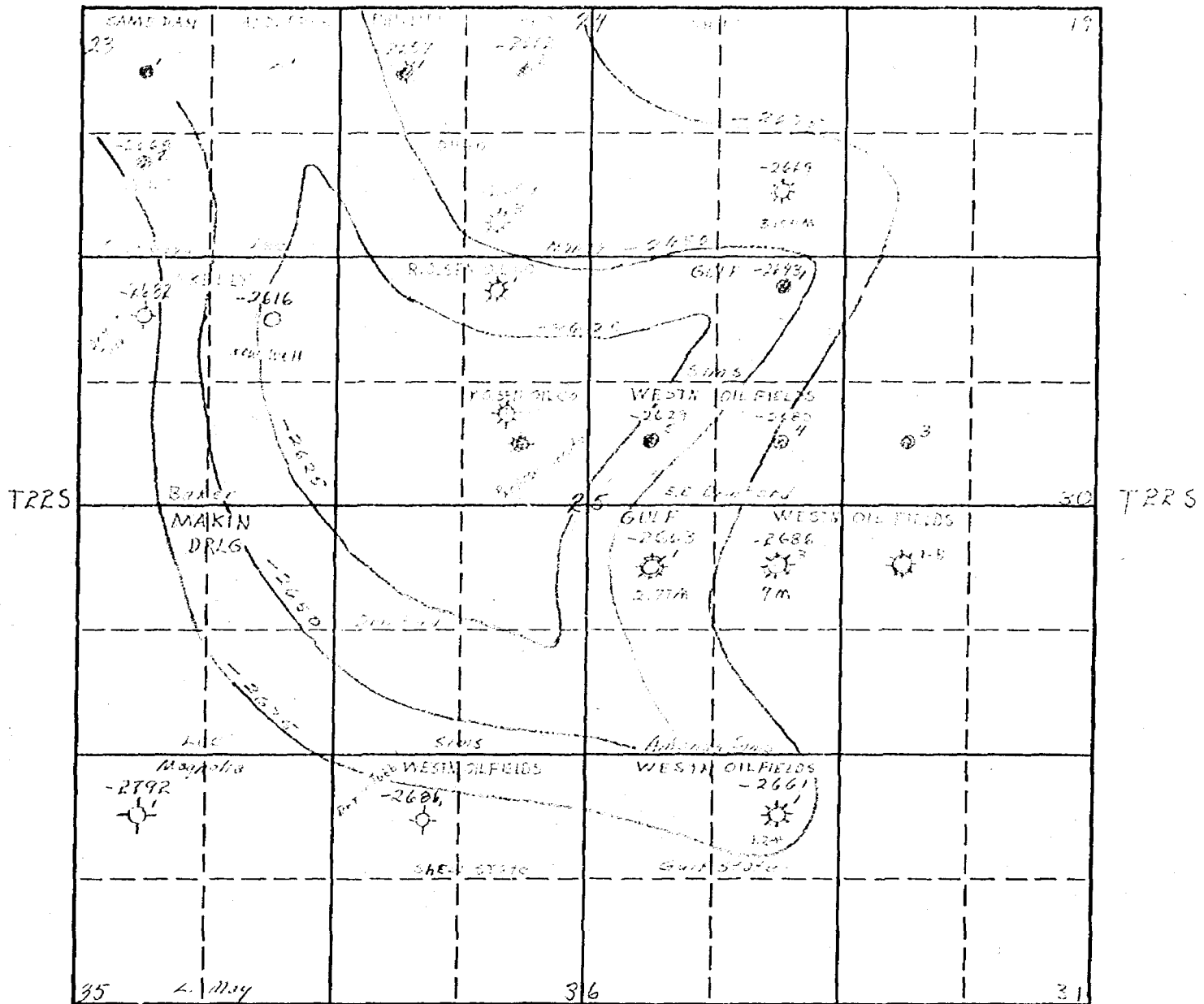
County, State of \_\_\_\_\_

Section \_\_\_\_\_

Township \_\_\_\_\_

Range \_\_\_\_\_

NORTH



☼ Tubb Gas

Contoured on Tubb Formation

Contour Interval 25'

*Drawn by*  
R. Olsen, D.C. Co

CASE 924  
OLSEN EXHIBIT #1

# STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

April 22, 1955

File: RGH-4203-986.510.1

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 portion 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 containing 360 acres comprising the SE/4, E/2 SW/4, S/2 NE/4, SE/4 NW/4 in Section 33, T-20-S, R-37-E, Lea County, New Mexico. This non-standard unit would be assigned for gas allocation purposes to Stanolind's O. J. Gillully "B" No. 3, located 660 feet from the south line and 1,980 feet from the west line of Section 33, T-20-S, R-37-E, as shown on the attached plat.

The referenced well was originally completed in May, 1937, as an oil well in the Eunice Oil Field and was subsequently recompleted in May, 1954, as a gas well in the Eumont Gas Pool. For gas allocation purposes, this well is currently assigned a proration unit containing 160 acres comprising the E/2 SW/4, and W/2 SE/4, Section 33.

We would 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 and that neither the length nor width of the proposed unit exceeds 5,280 feet. The entire proposed unit lies within the horizontal limits of the Eumont Gas Pool as defined by the Commission and may reasonably be presumed to be productive of gas.

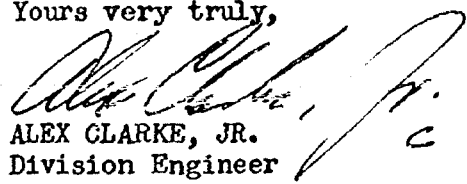
Oil Conservation Commission

- 2 -

April 22, 1955

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  
Attachments