

Case No.

914

Application, Transcript,
Small Exhibits, Etc.

Fig. 14. Standard application for ap-
plication of insecticide gas protection unit
in present (as pool (480 acres)

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

MAIN OFFICE 000

RECEIVED 9:02

April 28, 1955

File: RGH-4216-986.510.1

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 Stanolind Oil and Gas Company for an exception to Rule 5A 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 480 acres comprising the W/2 and the W/2 E/2 Section 22, 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. Gullully "B" No. 4, located 340 feet from the north and west lines of Section 22, T-20-S, R-37-E, as shown on the attached plat.

The referenced well was originally completed in June 1939 as a Monument Field oil well. Authority to dually complete the well for production of gas from the Eumont Field was granted by the Commission on March 15, 1954, in Order No. DC-80. For gas allocation purposes, this well is currently assigned a proration unit comprising 160 acres in the NW/4 of Section 22, T-20-S, R-37-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 and that neither the length nor the width of the proposed unit exceeds 5280 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. As previously pointed out, the unorthodox location of this gas well was occasioned by the dual completion of a well previously drilled to

Oil Conservation Commission

- 2 -

April 28, 1955

another horizon. There are no other wells on this lease to which the acreage could be assigned for gas allocation purposes. 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.

Yours very truly,



ALEX CLARKE, JR.
Division Engineer

RGH:cp
Attachments

GEN'L CRUDE	OIL WELL	CHIO	CONTINENTAL		CONTINENTAL	TEXAS Weir
CONT'L		State	15		14	
AMERADA	TIDE WATER	16 AMERADA	*3			
SHELL		*3 State	Britt, B-15		Skoggs	
*1 SINCLAIR		STANOLIND * 6-x	*4 STANOLIND	CONT'L	CONTINENTAL	
21			22	Gilluly	23	
Roach		Gilluly "B"	Gilluly "B"		Skoggs	
GULF		ALLISON Graham Meyer	CONTINENTAL		CONTINENTAL	
		CONTINENTAL ATLANTIC			*1	26
28		COUDEN NOLEN	27 MAYENZA	Meyer		
		*	*1 TURLAND			
State		Sophia Meyer		MAYENZA *1 Phillips- Wooder	Sophia Meyer	

T
20
5

R-37-E

STANOLIND OIL AND GAS COMPANY
TULSA, OKLA.

PORTION OF
EUMONT GAS POOL

DR.	TR.	CK.	AP.	NO.
204				

SCALE 1"=2000' DATE 4-13-55

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 28, 1955

IN THE MATTER OF:

CASE NO. 914

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-8691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1955

IN THE MATTER OF:

Application of Stanolind Oil and Gas Company
for approval of a 480-acre non-standard gas
proration unit in the Eumont Gas Pool: W/2
and W/2 E/2 of Section 22, Township 20 South,
Range 37 East, Lea County, New Mexico, said
unit to be dedicated to applicant's O. J.
Gilluly "B" Well No. 4, located 340' FNL and
340' FWL of said Section 22.

Case No. 914

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 No. 914. It is not on the printed docket for today; the case was continued from the June 13th hearing. Mr. Hiltz?

MR. HILTZ: R. G. Hiltz, for Stanolind. We have nothing further to present in this case at this time. It was continued on the Commission's motion on the basis of a letter submitted by Amerada, to which Stanolind objected because it contained testimony and we felt that, the witnesses, not being present for cross examination, warranted such objection to the letter.

MR. MACEY: Mr. Christie?

R. S. CHRISTIE,

having been first duly sworn, testified as follows:

MR. CHRISTIE: I am R. S. Christie, employed by Amerada Petroleum Corporation, Tulsa, Oklahoma, as a petroleum engineer. I have testified before this Commission previously. Are my qualifications satisfactory?

MR. MACEY: Yes, sir.

MR. CHRISTIE: In Case 914, we were unable to be present when the case was called on the docket. We sent a letter protesting the application. I understand that the letter was read into the record. Is that correct?

MR. MACEY: The letter was read into the record by Mr. Kitts, after which Mr. Smith objected to the admission of the exhibit, and we sustained Mr. Smith's objection. So, I guess, technically, the exhibit and the letter are not in the record.

MR. KITTS: Not as a piece of evidence.

MR. CHRISTIE: Should I read the letter then? This is addressed to "The Non-Standard Gas Proration Unit."

"Gentlemen:

This has reference to Stanolind Oil and Gas Company's application for a non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. They request a 480-acre unit be assigned to their O. J. Gilluly "B" No. 4, located 340 feet from the north and west lines of Section 22, Township 20 South, Range 37 East, as shown on the attached plat.

An examination of the attached plat discloses a concentration of wells near the center of Sections 15, 16, 21 and 22. Locations so spaced will cause a concentration of withdrawals which is not considered a good conservation practice. Furthermore, testi-

mony has been presented to show that one well will drain 640-acres. You will note a circle of approximately 640 acres in the area has been circumscribed around the Stanolind Gilluly B-4 Well, which clearly indicates said well will drain offset acreage and not the entire 480 acres requested for the subject well.

At the May hearing, Stanolind requested a 320-acre unit for its Gilluly Well 6 X (Case 899), also an unorthodox location insofar as a 320-acre gas unit is concerned. Likewise, a circle around this well shows the area of drainage.

We submit if the Commission approves these applications in Cases 899 and 914, the concentrated withdrawals will tend to create waste and in our opinion, will not protect correlative rights. Therefore, we protest the granting of Stanolind's request in Case No. 914 and ask that Rule 5A, Order No. 520, pertaining to the Eumont Pool, be enforced. --"

The next paragraph indicates we could not be present and we would have somebody at the next hearing if it were continued. That is the reason for my being here at the present time.

I would like to correct the plat that was indicated in the letter of June 10th. I refer to Amerada's Exhibit No. 1 on the Board, Case 914. The plat submitted with the letter showed 160-acre tract on the Continental Lease, which later developed was a 320-acre tract.

In addition, Exhibit No. 1 is a little larger area, it shows the gas well to the south of these particular units, primarily to indicate the undeveloped acreage between the well in the south and the wells in the center of the area that we are talking about. The purpose of the Exhibit No. 1 and also No. 2, is to indicate the gas units and the development around the common corner of Sections 15

and 16, 21 and 22 in Range 37 East, Township 20 South. As pointed out in the letter, the circles drawn around Gilluly 6-X and the Gilluly B-4 indicates approximately the radius of drainage of 640-acre tract. Actually that is not an accurate 640 acres, it is really the diagonal from the center of a section to the corner. So, in reality would be slightly in excess of 640 acres.

Exhibit No. 2 is a new exhibit and wasn't presented with the letter of June 10th. It shows in addition to the approximate area of drainage on there, Stanolind's Gilluly B-4 of 640-acre radius. It also has a circle which is in green, which shows the radius of drainage of 180 acre tract. Of course, these circles merely indicate that it doesn't appear that the wells in question will drain the Stanolind acreage, and will probably obtain some of their production from offset acreages because of the location of the wells in the corners of the respective tracts.

In my opinion, I questioned whether there would be any particular waste involved in either of these applications, but we are more seriously concerned about the equities. We believe that as time goes on, and the pool is depleted, that Stanolind will recover more than their fair share of the gas within the pool, by reason of these close locations to the property lines. I mentioned that concentration of withdrawals because of location is not considered good practice. That is probably more true in oil production and certainly if the reservoir is a water drive reservoir. There are certain conditions where conditions of this kind could result in poor practice, even in a reservoir of this type, with a well so spaced.

I might mention that possibly the only waste that might be created by the concentration of these withdrawals would be in the case of the

lease not being as permeable, and have as much gas contained in the reservoir where there has been no well drilled. For example, if a well were drilled down in the southeast corner of their proposed 480-acre unit, and was not as good a well as the Gilluly B-4, then that would indicate that the B-4 would produce more gas than that lease was entitled to have produced. There is no way of knowing what the formation is down in that area but there is quite a large area of undevelopment between the subject well and the wells to the south. I don't think there is any question, of course, but what the area is productive. It is a question of the quality of the production because of no wells. I believe that is all I have.

MR. MACEY: Do you wish to offer those exhibits?

MR. CHRISTIE: I would like to offer Amerada's Exhibit 1 and two in the record.

MR. MACEY: Without objection the exhibits will be received in evidence.

CROSS EXAMINATION

By MR. HILTZ:

Q If you recall, you did state that you felt that the granting of this application would create waste. Do I understand you to withdraw that statement, that you do not think that waste will be caused?

A No, I don't want to withdraw the statement. I want to qualify it to say that there is a possibility that waste might be created by the location of these particular wells. As I stated, I don't think there is any way of telling that unless we have a well drilled down between those two areas where the gas is being produced at the present time.

Q In order for that to be true, you had to make the assumption

that any well drilled in the most southerly portion of the proration unit would have to be one of poorer quality than the existing well?

A Poorer quality and it is a possibility that due to the nature of the formations there might be some gas that would never be produced by the wells presently on production.

Q Do you have any reason to believe that the quality of the pay there might not be better and that the deliverability of the well might be greater?

A No, I do not.

Q Do you have any evidence whatsoever to indicate the relative quality of the pay in that portion of the field?

A No.

Q Is it your opinion that one well in this field will drain 640 acres?

A Yes, I think it will.

Q You think that a well will drain in excess of 640?

A I think it will.

Q Then it would not be your testimony that the ultimate recovery from this reservoir is in a sense a function of the number of wells producing?

A No, that is right.

Q Any gas that would not be recovered by Stanolind's Well, Gilluly B-4, from that proration unit, would be recovered by other wells in the pool, is that not correct?

A Yes, but of course would change the equities proposition.

Q Nevertheless there would be no waste created by failure to recover that gas, is that correct?

A I think that is correct.

Q As a matter of fact, I believe the Statute contemplates that when it says that the Commission must prorate gas in such a manner that it will prevent drainage between tracts that is not compensated for by counter-drainage?

A Well, I don't know.

Q Is that not correct?

A I don't know whether the Statute says that.

Q I am not a lawyer either. I have read it and I do believe that statement is in the Statutes, so there would be no waste caused by the failure to recover the gas; it would be recovered by other wells in the pool if not recovered by the Stanolind well?

A If there were any waste, it would be minor.

Q What is the allocation formula in this pool?

A Straight acreage.

Q Is it your opinion that the Commission in this field has adopted an allocation formula which distributes the market demand reasonably, and in proportion to the reserves underlying each tract?

A Yes, I think so.

Q In other words, a tract should be accorded an opportunity to produce currently to the available market in proportion to the reserves it is contributing to the common source of supply, is that correct?

A With limitations. I think they should have enough wells to do that without jeopardizing the equities of offsets.

Q You do feel that a tract should be given an allowable in accordance with the amount of reserve that it contributes to the common pool?

A Well, I wouldn't say reserve. You can't base it on reserve

without knowing what the reserves are, but based on straight acreage.

Q We are assuming that the allocation formula is equitable in this case?

A Yes.

Q Do you know of any other manner by which Stanolind could obtain an allowable commensurate with the situation of the proration unit that they propose in this case?

A I presume they could drill another well.

Q Do you think another well is necessary to get the full ultimate recovery under that tract?

A I think the well is not necessary to get the ultimate recovery under that tract. I think another well is necessary to protect equities in the field, particularly in this area.

Q Would you say that if any drainage by Stanolind, by other tracts, were compensated for by similar drainage, by other operators, would not tend to protect equities?

A No, I do not believe it will exactly.

Q One other question. I note that on your Exhibit 1 and Exhibit 2 you did not draw circles around the Amerada well. If you had drawn a similar circle around your tract indicated in yellow on your Exhibit 1, approximately how much acreage would be encompassed by that 640-acre circle?

MR. MACEY: Was your question, how much acreage would be encompassed in the 640-acre circle?

Q That is a point very well taken. Would you point out on your Exhibit 1 the acreage which would be encompassed within your 640-acre circle?

A Using the center of the Amerada Well?

Q Yes.

A It would be approximately, it would be the same size of the circle as around the other two wells, the Stanolind Gilluly B-4 and the Stanolind Gilluly 6-X.

Q It would include acreage well beyond your 160-acre tract?

A Yes, certainly.

Q It would be possible in that case, for your well to drain an area greater than 160 acres, is that not correct?

A Well, obviously, if it had acreage in excess of 160, it would drain more acres than 160.

MR. HILTZ: I have no further questions, Mr. Macey.

MR. MACEY: Does anyone have any further questions of the witness? Mr. Kitts?

By MR. KITTS:

Q Mr. Christie, do you have any reason to believe that this Stanolind well would drain other than radially?

A Oh, yes, I think they would. Due to characters of the formations, I doubt if a well drains exactly a circle.

Q Roughly or --

A (Interrupting) Roughly.

Q Roughly radially?

A Yes, sir.

MR. KITTS: That is all.

MR. MACEY: Anyone else? If no further questions the witness may be excused.

(Witness excused.)

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

MR. HILTZ: No, we made our statement at the last hearing.

MR. MACEY: Mr. Christie, you have nothing further?

MR. CHRISTIE: No, sir.

MR. MACEY: Anyone else have anything further? Mr. Rieder?

MR. RIEDER: Yes, sir, I would like the record to show that the nearest well, well south of the Stanolind tract in question, the Gilluly, is some three-quarters of a mile away from that tract. That is the only well to the south which could effect any counter-drainage on this tract.

MR. HILTZ: I don't want to belabor the point, but I believe that I could ask some questions that would clear that up.

(Mr. Christie recalled for further questioning.)

By MR. HILTZ:

Q Is there any reason to believe that that acreage referred to by Mr. Rieder would not be productive?

A No, I don't, in my opinion, I think it is productive.

Q If you had a recommendation to make to your management, if you owned the land, would you recommend drilling the well in that area that is now undeveloped?

A If we owned the Stanolind tract?

Q No, I am speaking -- We have control of that acreage. I would assume that you would have the acreage between the most southerly well, the southern-most boundary of proposed gas proration?

A All I can say is, we have drilled wells in similar situations like this, to further develop and get a better drainage pattern.

Q It is possible that wells will be drilled in there much closer to the Stanolind proposed proration unit, and that we are talking about effective drainage, then certainly there would be wells in that area, closer to the Stanolind acreage that would be draining?

A It appears from the map there would be further development there.

Q Did either of your exhibits reflect all the gas producing wells in that immediate area?

A No.

Q There are a number of other gas producing wells that are not shown on your map?

A Yes, quite a number.

MR. HILTZ: I would like for the record to show that Stanolind's Exhibits do reflect all the gas producing wells in that area. The Commission records will also reflect that all the wells in that area are excellent producing gas wells, and it is up to the other operators in that area, I would feel, to develop their properties as they see fit, in order to protect their interest in that area, because I believe it is good gas productive acreage, and will be developed in the near future.

MR. MACEY: Anyone else? If not we will take the case under advisement.

MR. STANLEY: I would like to ask, Mr. Christie, I would like to ask you a question concerning an empirical question. Would you say that any well in the Eumont Pool would drain gas under a perfectly circumscribed circle?

A I question it very much.

MR. MACEY: Anyone else have anything further in this case?

(Witness excused.)

MR. MACEY: 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 9th day of July, 1955.

Notary Public, Court Reporter

My Commission Expires:

June 19, 1959

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 13, 1955

IN THE MATTER OF:

CASE NO. 914

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
June 13, 1955

IN THE MATTER OF:

Application of Stanolind Oil and Gas Company
for approval of a 480-acre non-standard gas
proration unit in the Eumont Gas Pool: W/2 : Case 914
and W/2 E/2 of Section 22, Township 20 South, :
Range 37 East, Lea County, New Mexico, said :
unit to be dedicated to applicant's O. J. :
Gilluly "B" Well No. 4, located 340' FNL :
and 340' FWL of said Section 22. :

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 914.

MR. SMITH: Mr. Hiltz is our only witness in Case 914. This
is application of Stanolind Oil and Gas Company for approval of
480-acre non-standard gas proration unit comprising the west half
and the west half of the east half of Section 22, Township 20 South,
Range 37 East, in the Eumont Gas Pool, Lea County, New Mexico. The
acreage in the unit is to be dedicated to our O. J. Gilluly "B"
No. 4, located 340 feet from the north line and 340 feet from the
west line of Section 22.

R. G. H I L T Z

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SMITH:

Q State your name, please.

A R. G. Hiltz.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q In what capacity?

A I am a petroleum engineer in their North Texas-New Mexico office in Fort Worth, Texas.

Q You have testified before the Commission on other occasions?

A Yes, sir, I have.

MR. SMITH: Will the Commission accept his qualifications?

MR. MACEY: They will.

Q Have you prepared an exhibit showing the acreage included within the proposed unit?

A Yes, sir, I have.

(Stanolind's Exhibit No. 1 marked for identification.)

Q Directing your attention to what has been marked for identification as Stanolind's Exhibit No. 1, what does it purport to represent?

A This is a map of a portion of the Eumont Gas Pool in the vicinity of the proposed non-standard gas proration unit. The proposed non-standard unit is outlined in red and the Gilluly "B" No. 4 to which it will be assigned is also encircled in red. Other gas producing wells in the vicinity are also encircled in red.

Q What is the completion history of the Gilluly No. 4 well?

A It was originally completed in June of 1939 as a Monument field oil well for A.I.P. of 126 barrels of oil per day from the Grayburg producing interval of 3766 feet to 3854 feet. Subsequently the well was dually completed under Commission authority in March of

1954. Upon completion of the dual completion operation the well potentialled for 4858 M.C.F. per day against a line pressure of 900 pounds.

Q Is all of the acreage in the proposed unit reasonably proven to be productive of gas?

A Yes, sir, I believe it is.

Q Would you explain the basis for your conclusion?

A Referring to Exhibit No. 1, it will be noted that it has been contoured on top of the Yates formation with a contour interval of approximately 50 feet. It is apparent from this exhibit that there are no faults or other structural conditions which would prove to be an impediment to communitization throughout the proposed unit.

In addition, we have indicated on Exhibit 1 by the green line the trace of a cross-section identified as AA prime.

Q Do you have an exhibit showing that cross-section?

A Yes, sir, I do.

(Stanolind's Exhibit No. 2 marked for identification.)

Q Will you explain what has been marked for identification as Stanolind's Exhibit No. 2, what that purports to represent?

A This is a north-south cross-section beginning with Continent Bright B15 No. 3, located in Section 15 to the north of the proposed unit and terminating in the Mapenza Turland No. 1 in Section 27 to the south. The objective of this exhibit is simply to demonstrate that the Yates, Seven Rivers and Queen from which the well is producing can be readily identified in the well bore of each one of the logs and can easily be correlated from well, leaving no evidence of any impermeable barriers which would tend to impede

4
free communitization in the proposed area. In addition, it will be noticed from the logs that the Yates, Seven Rivers and Queen appear to be uniformly developed over the entire area.

Q What is the situation with respect to other producing gas wells in the vicinity of the Gilluly No. 4 well?

A I have prepared an exhibit outlining other existing gas proration units in the area.

(Stanolind's Exhibit No. 3
marked for identification.)

Q Now, can you answer my question?

A Yes, sir, Exhibit No. 3 is a map similar to Exhibit No. 1 and shows by the red outline the areas comprising existing gas proration units. For the subject non-standard unit it will be noted that the existing unit of 160 acres now assigned to the well is outlined in red and the additional acreage which we propose to assign to that well for allocation purposes is shown by the red cross-hatching. I should also like to point out that to the west of the proposed unit and in the east half of Section 21 we show only 160 acres assigned to Stanolind's Well No. 6 which, however, a case has already been heard before the Commission in which Stanolind is seeking the assignment of the entire east half of Section 21 to Stanolind Gilluly B No. 6X for allocation purposes. It will be noted that other units vary in size from 160 acres to 320 acres.

Q Directing your attention to Stanolind's Exhibit No. 3, immediately east of the proposed unit we have some acreage identified on the map as belonging to Continental and all that is New Mexico-Federal acreage, is it not?

A Yes, sir, that acreage, the east half of the southeast

quarter are also committed to a Federal type unit.

Q What unit is that?

A I believe it is the southeast Monument unit. One more comment I would like to make, and that is the other gas proration units in the area indicate that they are not necessarily of uniform size or shape.

Q In your opinion, is all of the acreage in the proposed unit continuous and contiguous?

A Yes, sir, it is.

Q It all lies within a single governmental subdivision, does it not?

A Yes, sir.

Q It is all within the boundaries of the presently defined Eumont gas pool?

A To my knowledge, it is.

Q The working interest and royalty interest common throughout the proposed unit?

A Yes, sir.

Q There is no other well in the proposed unit to which acreage can currently be assigned for gas allocation purposes?

A That is correct.

Q If the Commission should see fit to grant our request, it would avoid the necessity of completing an unnecessary well, is that correct?

A Yes, sir, that is correct.

Q In your opinion, do you think that it will prevent waste and protect the correlative rights of the parties in the vicinity?

A I do.

MR. SMITH: No further questions.

MR. MACEY: Any questions? Mr. Mankin.

CROSS EXAMINATION

By MR. MANKIN:

Q Mr. Hiltz, about three locations north of this particular well, which is in the southeast quarter of the northeast quarter of Section 16 to the Ohio State Hansen No. 4, is an oilwell in the Eumont gas pool, and that is next to the cross-section shown in your Exhibit 3, I believe. Do you feel that this particular well in question here in Case 914 would have any possibilities of oil production similar to that one?

A No. First, I would like to point out that we have checked with our field personnel to determine whether or not there has been any oil produced from the subject well. There has not. There is no separator equipment on the lease and no evidence of oil produced and we have had no indication from the gas purchaser that he has had to draw down drips in order to get rid of liquids accumulating in the lines. This exhibit indicates that the particular portion of the Eumont Pool is a local high area and in all probability there would be less opportunity for oil to accumulate in that particular area.

By MR. RIEDER:

Q Well, that was what we had reference to in our cross-section; it shows a higher structure map, shows a high and yet there is an oil well just located slightly lower structurally than your well and it is an oil well from the Eumont.

A There is no evidence to my knowledge of any oil produced from this well.

Q It would look suspicious, wouldn't it?

A I don't know what your definition of suspicious is. I would say that the fact there is oil at that structural position indicates that it can occur at that structural elevation. That is the only thing I can say. I might point out that this well is in the most northeasterly part of the gas proration unit, and there being no evidence of oil accumulation at that point, I would say that would tend to indicate there is little possibility of the oil accumulation on the proposed unit.

By MR. MANKIN:

Q Also in the east half of the east half of this Section 22, you indicated that 80 acres south, 80 acres of that particular section was committed to S..E..M. unit. Is that a Federal unit?

A Yes.

Q The north part of the 160 acres, Continental drilled a dry hole, indicated a dry hole to 5,810 back in 1947, which directly adjoins your particular unit. In other words, the well is in the northeast quarter, northeast quarter Section 22, adjoining your unit. Do you feel that would affect it in any way?

A I have no knowledge of that well being drilled on the maps I used, on the information I had to prepare the well. There was no indication of a well having been drilled at that location.

Q I have a map that Continental had that showed that dry hole.

A I have no knowledge or evidence related to that at all.

Q 560 acres could not be assigned to this particular well as the original 80 acres has been assigned to S. E..M. unit.

A I would like to explain that. The entire east half of the southeast half is dedicated to the Federal unit. It would necessitate

the development of proper communitization agreements with unitized acreage in a Federal unit, with non-unitized fee land. It would not seem practical to go ahead on that basis. However, it doesn't mean to indicate that we would refuse to enter negotiations on that basis.

MR. MACEY: Anyone else have a question of the witness? If not, the witness may be excused.

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

MR. MACEY: Without objection, they will be received. Anyone have anything further in this case? Mr. Kitts, do you want to read that letter?

MR. KITTS: We have a letter from Amerada Petroleum Corporation, Tulsa, addressed to New Mexico Oil Conservation Commission, Attention to W. B. Macey. Letter was written by R. S. Christie, with a copy to Mr. Hiltz of Stanolind.

"Gentlemen:

This has reference to Stanolind Oil & Gas Company's application for a non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. They request a 480-acre unit be assigned to their O. J. Gillully "B" No. 4, located 340 feet from the north and west lines of Section 22, Township 20 South, Range 37 East, as shown on the attached plat.

An examination of the attached plat discloses a concentration of wells near the center of Sections 15, 16, 21 and 22. Locations so spaced will cause a concentration of withdrawals which is not considered a good conservation practice. Furthermore, testimony has been presented to show that one well will drain 640 acres.

You will note a circle of approximately 640 acres in the area has been circumscribed around the Stanolind Gillully B-4 well which clearly indicates said well will drain offset acreage and not the entire 480 acres requested for the subject well.

At the May hearing, Stanolind requested a 320-acre unit for its Gillully Well 6 X (Case No. 899), also an unorthodox location insofar as a 320-acre gas unit is concerned. Likewise, a circle around this well shows the area of drainage.

We submit if the Commission approves these applications in Cases 899 and 914, the concentrated withdrawals will tend to create waste and in our opinion, will not protect correlative rights. Therefore, we protest the granting of Stanolind's request in Case No. 914 and ask that Rule 5A, Order No. 520, pertaining to the Eumont Pool, be enforced.

We had expected that Case No. 877 only would be heard on June 13; therefore, we are not prepared to attend the hearings on this date. If this letter is not considered sufficient evidence in this case, we respectfully request the case be continued to the June 28th or July hearing, at which time we will have a representative present,

Yours, very truly," signed R. S. Christie.

MR. SMITH: I would like to object to the admission of the exhibit and the letter as being unsworn testimony; and also, due to the fact that we cannot possibly cross-examine the witness, or whoever wrote the letter, with respect to his basis for the conclusion. I would like to object to its being made a part of the record.

MR. MACEY: Mr. Smith, in view of the circumstances surrounding this matter, the Commission feels we should continue the case until the 28th hearing. I am sure that everyone will be here. We

will sustain your objection for the record. I will advise Mr. Christie. Does anyone else have anything further in this case? We will continue the case to June 28th.

* * * * *

C E R T I F I C A T E

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 17th day of June, 1955.


Notary Public, Court Reporter

C
O
P
Y

May 23, 1955

Standard Oil & Gas Company
Box 1410
PORT WORTH, TEXAS

Attention: Mr. Clarke or Mr. Hiltz

Gentlemen:

Your application of April 28 for approval of a 480-acre non-standard gas proration in the Eumont Gas Pool has been set up as Case #14 and advertised for hearing on June 13, 1955, State Capitol, Santa Fe, New Mexico.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:mr

ATTENTION:

June 13, 1955 Oil Conservation Commission hearing - Case 877 (Townsend Wolfcamp GOR case) and the attached Case 913, plus the following Case 914.

June 15, regular hearing date the allowable cases only will be heard.

The rest of the cases will be advertised for the June 28, 1955 hearing.

APPLICATION FOR NON-STANDARD GAS PRORATION
UNIT EUMONT GAS POOL, LEA COUNTY, NEW MEXICO

CASE 914

It is requested that a hearing be set on the application of Stanolind Oil & Gas Company for an exception to Rule 5A 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 480 acres comprising the W-2 and the W/2 E/2 Section 22, 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. 4, Located 340 feet from the north and west lines of Section 22, T-20-S, R-37-E, as shown on the attached plat.

The referenced well was originally completed in June 1939 as a Monument Field oil well. Authority to dually complete the well for production of gas from the Eumont Field was granted by the Commission on March 15, 1954, in Order No. DC-80. For gas allocation purposes, this well is currently assigned a proration unit comprising 160 acres in the NW/4 of Section 22, T-20-S, R-37-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 and that neither the length nor the width of the proposed unit exceeds 5280 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. As previously pointed out, the unorthodox location of this gas well was occasioned by the dual completion of a well previously drilled to another horizon. There are no other wells on this lease to which the acreage could be assigned for gas allocation purposes. 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.

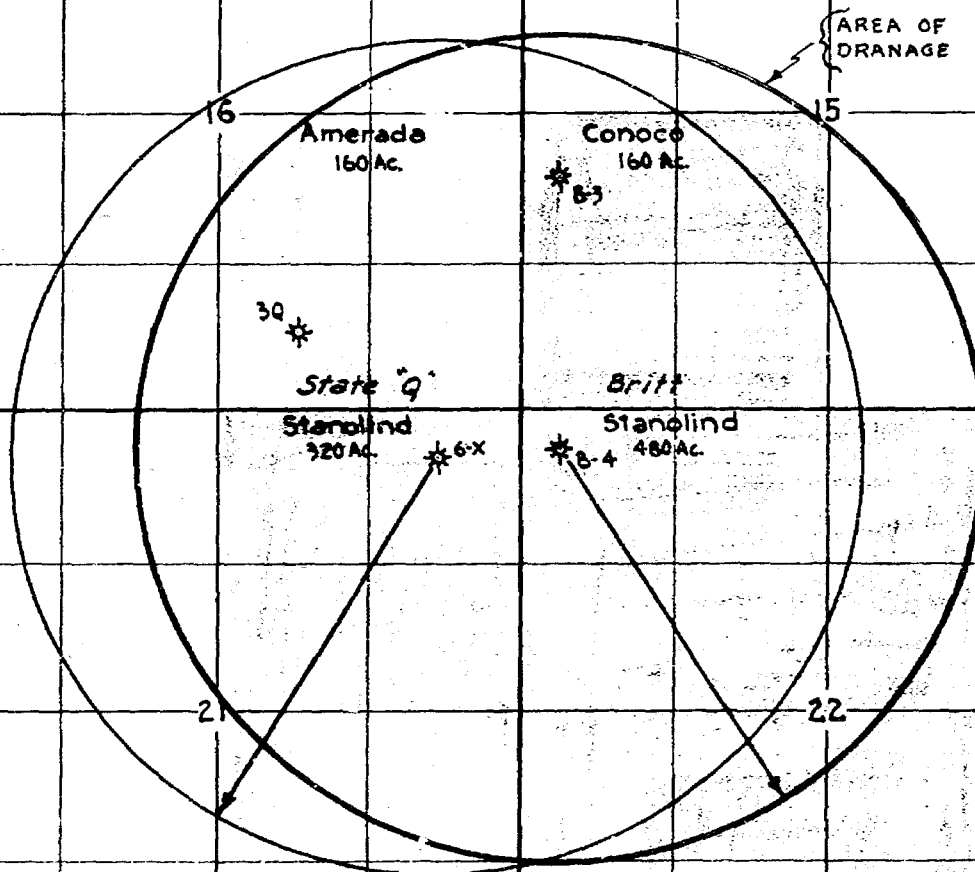
Yours very truly,

/s/ Alex Clarke, Jr.
Division Engineer
STANOLIND OIL & GAS COMPANY

NOTE:: A Plat is on file with the OCC in Santa Fe, New Mexico, showing the location of the well.

New Mexico Oil & Gas Engineering Committee
P. O. Box 127
May 25, 1955
Hobbs, N. M.

R 37 E



AREA OF DRAINAGE

16

Amerada
160 Ac.

Conoco
160 Ac.

15

3Q

State "q"
Standlind
320 Ac.

Britt
Standlind
480 Ac.

T
20
S

21

22

Gilluly

Gilluly

AREA GAS PLAT

GENERAL OFFICES
120 BROADWAY NEW YORK

AMERADA PETROLEUM CORPORATION

BEACON BUILDING
P. O. BOX 2040

TULSA 2, OKLA.

June 10, 1955

Re: Case No. 914

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

Attention: Mr. W. B. Macey

Gentlemen:

This has reference to Stanolind Oil & Gas Company's application for a non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. They request a 480-acre unit be assigned to their O. J. Gillully "B" No. 4, located 340 feet from the north and west lines of Section 22, Township 20 South, Range 37 East, as shown on the attached plat.

An examination of the attached plat discloses a concentration of wells near the center of Sections 15, 16, 21 and 22. Locations so spaced will cause a concentration of withdrawals which is not considered a good conservation practice. Furthermore, testimony has been presented to show that one well will drain 640 acres. You will note a circle of approximately 640 acres in the area has been circumscribed around the Stanolind Gillully B-4 well which clearly indicates said well will drain offset acreage and not the entire 480 acres requested for the subject well.

At the May hearing, Stanolind requested a 320-acre unit for its Gillully Well 6 X (Case No. 899), also an unorthodox location insofar as a 320-acre gas unit is concerned. Likewise, a circle around this well shows the area of drainage.

We submit if the Commission approves these applications in Cases 899 and 914, the concentrated withdrawals will tend to create waste and in our opinion, will not protect correlative rights. Therefore, we protest the granting of Stanolind's request in Case No. 914 and ask that Rule 5A, Order No. 520, pertaining to the Eumont Pool, be enforced.

CC: [illegible]

300 [illegible]

New Mexico Oil Conservation Commission
June 10, 1955
Page 2

We had expected that Case No. 877 only would be heard on June 13; therefore, we are not prepared to attend the hearings on this date. If this letter is not considered sufficient evidence in this case, we respectfully request the case be continued to the June 28th or July hearing, at which time we will have a representative present.

Yours very truly,

R.S. Christie

R. S. Christie

RSC:mt

cc: Mr. R. G. Hiltz
Stanolind Oil & Gas Company
Ft. Worth, Texas

STANLEY

STANLEY CASE NO 924
STANLEY NO 4

XXXX1A

IN NO. 22 37

THIS WELL HAD ANY OIL IN EUNONT GAS POOL INTERVAL HAS ANY TENDERS
THIS WELL FOR FIRM GAS POOL HORIZON IN THIS DUALLED WELL

THIS WELL IS BELIEVED TO BE DRY GAS
IT IS A DRY GAS WELL

END OF CR

} Case # 914

Suggested Finding #8

(8) That the ~~ap~~ aforementioned well is not located ~~there~~ on ~~said~~ the proposed unit in such a manner as to permit the adequate drainage of said acreage, and the undrained acreage is unaffected ~~by~~ by counter-drainage; thereby creating waste and the possible damaging of correlative rights

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 20, 1955

Mr. Alex Clarke, Jr.
Stanolind Oil & Gas Company
Oil and Gas Building
Fort Worth, Texas

Dear Sir:

We enclose a copy of Order R-682 and Order R-685 issued September 15, 1955, by the Oil Conservation Commission in Cases 914 and 899 respectively.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls. 2

C
O
P
Y

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. 914
Order No. R-682

THE APPLICATION OF STANOLIND OIL
AND GAS COMPANY FOR AN ORDER
GRANTING APPROVAL OF AN EXCEPTION
TO RULE 5 (a), OF THE SPECIAL RULES
AND REGULATIONS FOR THE EUMONT GAS
POOL, OF ORDER NO. R-520 IN ESTABLISH-
MENT OF A NON-STANDARD GAS PRORATION
UNIT IN THE EUMONT GAS POOL, CONSISTING
OF THE W/2 AND W/2 E/2 OF SECTION 22,
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM,
LEA COUNTY, NEW MEXICO, AND THE ASSIGN-
MENT OF SAID ACREAGE TO THEIR O. J.
GILLULLY "B" WELL NO. 4, FOR GAS PRORATION
PURPOSES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 13,
1955 and June 22, 1955, at Santa Fe, New Mexico, before the Oil Conservation
Commission, hereinafter referred to as the "Commission".

NOW, on this 15th day of September, 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 the Special Rules
and Regulations of the Eumont Gas Pool of Order 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 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, to-wit:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
W/2 and W/2 E/2 of Section 22

containing 480 acres, more or less.

Order No. R-682

(4) That applicant, Stanolind Oil and Gas Company, has a producing gas well on the aforesaid lease, known as the O. J. Gillully "B" Well No. 4, located 340 feet from the North line and 340 feet from the West line of Section 22, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

(5) That the aforesaid mentioned well was completed as an oil well within the Monument Oil Pool in 1939 and was dually completed as a gas well in 1954 in the Eumont Gas Pool prior to the issuance of Order R-520. That this well and requested unit is located within the horizontal limits of the Eumont Gas Pool and said well is completed in the Yates, Seven Rivers and Queen formations of the Eumont Gas Pool vertical limits.

(6) That Amerada Petroleum Corporation, the owner of adjoining acreage which offsets the Gillully "B" Well No. 4 to the North, has specifically protested and objected to the 480 acre proration unit, and

(7) That all of the acreage contained in the proposed proration unit will not be efficiently drained by wells presently producing in the Eumont Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the application of Stanolind Oil and Gas Company for approval of non-standard gas proration unit consisting of the W/2 and W/2 E/2 of Section 22, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, be and the same is hereby denied for its O. J. Gillully "B" WELL No. 4.

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

