

CASE 1050: Tres Oil Co. application for 160
acre NS gas proration unit, Eumont Gas Pool,
(Tres Oil Co. State No. 1)

Case No.

1050

Application, Transcript,
Small Exhibits, Etc.

*Jack: Set this application
& advertisement to
Publy. immediately*

LAW OFFICES OF
EASLEY, QUINN & STOUT

106 EAST TAYLOR

P. O. BOX 2587

HOBBS, NEW MEXICO

1956 MAR 12 PM 1:15

TELEPHONE
3-4155

MACK EASLEY
JOHN QUINN
LOWELL STOUT

March 12, 1956

*Enril 3
C.*

Case 1050

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

Dear Bill:

I am enclosing application for non-standard pro-
ration unit to be assigned to Tres Oil Company State
No. 1 in the Eumont Gas Pool, Lea County, New Mexico.
This is the case that I discussed with you on the tele-
phone today and you stated that you would set this for
hearing before an examiner, which is to be held on
April 3, 1956.

I wish to thank you for your courtesy in this
matter.

Sincerely,

John Quinn
John Quinn for
EASLEY, QUINN & STOUT

JQ:d

Encls.

*Enril 3
Docketed
3/19/56*

Case 1050

LAW OFFICES OF
EASLEY, QUINN & STOUT
108 EAST TAYLOR
P. O. BOX 2587
HOBBS, NEW MEXICO

MACK EASLEY
JOHN QUINN
LOWELL STOUT

TELEPHONE
3-4155

March 12, 1956

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

Re: Application for a non-standard gas
proration unit to be assigned
Tres Oil Company's State # 1, in
the Eumont Gas Pool, Lea County,
New Mexico.

Gentlemen:

Tres Oil Company wishes to make this application for an
order under Rule R-520 which will establish a non-standard gas pro-
ration unit of 160 acres to be assigned to subject well.

In this connection, Tres Oil Company wishes to state:

1. Tres Oil Company is the operator of the Tres Oil Company State No. 1 well which is located in the NW/4 NW/4 of Section 20, Township 22 South, Range 37 East, Lea County, New Mexico. Said well was completed March 3, 1956.
2. The non-standard proration unit Tres Oil Company seeks to have assigned to subject well consists of 160 acres which is the E/2 of the SW/4 of Section 17 and the N/2 of the NW/4 of Section 20, all in Township 22 South, Range 37 East, Lea County, New Mexico. Subject well is located 660 feet from the north and west corner of Section 20, Township 22 South, Range 37 East.
3. The length or width of the proposed unit does not exceed 5280 feet. Tres Oil Company has all working interest owners and overriding royalty interest owners agreed upon signing of a communitization agreement upon approval by the Oil Conservation Commission of the non-standard proration unit.
4. The depth of the above described well which has been created is 3600 feet and is produced from the Penrose Section of the Queens Sand. All of the acreage within the proposed unit may reasonably be presumed productive of gas.

New Mexico Oil Conservation Commission
March 12, 1956

Page 2

5. Tres Oil Company believes that the granting of this application is in the interestsof conservation and the protection of correlative rights.
6. Tres Oil Company therefore requests that a public hearing be called for the purpose of considering and granting this application.

Yours very truly,

EASLEY, QUINN & STOUT

By 
Attorneys for Tres Oil Company

JQ:d

Attached: Ownership Map in 5 copies

cc: Humble Oil and Gas Company
First National Bank Building
Attention: Mr. Richardson
Roswell, New Mexico

Gulf Oil Company
Roswell, New Mexico

Continental Oil Company
Roswell, New Mexico

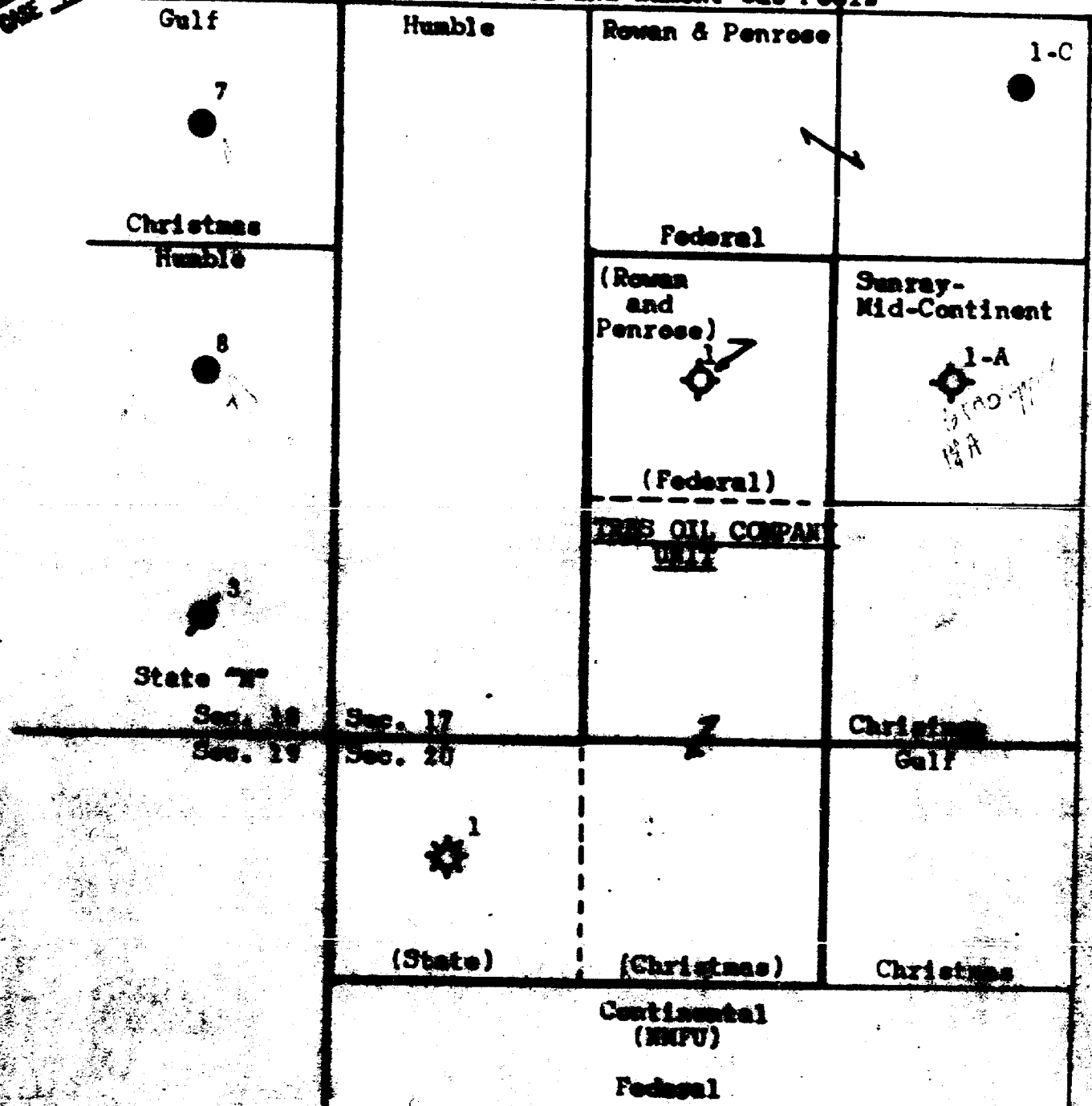
Rowan-Penrose (2 copies)
c/o Neville G. Penrose
8115 Fair Building
Fort Worth, Texas

Sunray-Mid Continent
Roswell, New Mexico

OIL COM. B.E.R. THE
 244' SANTA FE, NEW MEX.
 CASE 1450 EXHIBIT NO. 1

Township 22 South, Range 37 East
 Lea County, New Mexico

Southeastern Flank
 Arrowhead Oil and Eumont Gas Pools



Case No. 1450

Exhibit No. 1

Tres Oil Company Application
 for
 Unorthodox 160 Acre Unit in
 Eumont Gas Pool
 Unit area outlined in red

Hobbs
 New Mexico

March 9, 1936

Prepared by
 J. W. Adams

Santa Fe

Case # 1050

MAIN OFFICE OF COMMUNITIZATION AGREEMENT HOBBS OFFICE OCC

STATE OF NEW Mexico)
COUNTY OF Lea)

1956 MAY 7 AM 7:34

ss.

J. W. Adams, being first duly sworn,
deposes and says, that he is the duly authorized agent and representative of
Tres Oil Company, designated operator of the
State 1 located in
Lease Well No.
N/2 NW/4 Section 20 and E/2 SW/4 Section 17, both in T22S,
R37E
Legal Description of Unit

N.M.P.M., consisting of 160 acres and that all owners of working
interests underlying the above described unit have pooled or communitized
their respective interests for the purpose of production of oil or gas and
associated hydrocarbons from said unit, insofar as said production pertains
to the Eumont Pool.

J. W. Adams
Signature

Subscribed and sworn to before me this 4th day of May,
19 56.

Michael R. Kuley
Notary Public in and for the
County of Lea

My Commission Expires:
MY COMMISSION EXPIRES JULY 9, 1957.

WARREN TO RANDY

7/29/76

Case # 1050

STATE LAND OFFICE INFORMS US THAT THE COMMUNITIZATION AFFIDAVIT
SUBMITTED BY TRES OIL COMPANY FOR 160 ACRE UNIT ON THEIR STATE
WELL NO ONE IN EUMONT GAS POOL OF SECTION 20 TOWNSHIP 22 SOUTH
RANGE 37 EAST IS NOT VALID ANY CREAGE INVOLVING STATE OR
FEDERAL ACREAGE MUST HAVE APPROVAL OF THAT AGENCY BEFORE ASSIGNING
GAS ALLOWABLE. TRES DOES NOT HAVE AUTHORITY TO POOL THAT 40
-843 LEASE WITH THE OTHER 120 ACRES OF PATENTED AND FEDERAL ACREAGE
END OR CA PLS

WILL INFORM JOHN OF THIS I THOUGHT THAT YOU WERE IN DALLAS
END OR CA

ASK RANDY IF HE SENT MEMO OUT WITH OIL SCHEDULE IN RE TO THE
BACK PRESSURE MEETING
END OR CA PLSD

KH WILL GO OUT WITH THE SCHEDULE TO LAST DAY OF THE MONTH
END OR CA
HIN PLS

END

June 15, 1956

Tres Oil Company
113 Petroleum Building
Hobbs, New Mexico

Attention: Mr. J. W. Adams

Gentlemen:

We are enclosing copy of letter which is self-explanatory.

We are also enclosing the copy of an approved form for Communitizations. This form has been used and approved by the United States Geological Survey when both Federal and State acreage have been communitized.

As we told you, this office will approve the straight Federal form only in this particular instance. In the future we will expect you to submit this combination form.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

MMR/m
enc: 2

cc: OCC-Santa Fe

STATE LAND OFFICE

Santa Fe, New Mexico

Case # 1050

E. S. WALKER

COMMISSIONER OF PUBLIC LANDS

In reply refer to:
Unit Division



June 15, 1956

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

Re: Tres Oil Company
State Well No. 1 -
N/2 NW/4, Sec. 20 and
E/2 SW/4, Sec. 17,
T 22 S, R 37 E

Attention: Mr. Warren Mankin

Gentlemen:

In compliance with a request from Mr. J. W. Adams, representative of Tres Oil Company, we wish to inform you that our attorney approved the above designated Communitization as to form and context.

Upon receiving from Tres Oil Company the completed forms with the proper signatures affixed, and the \$5.00 filing fee, the Commissioner of Public Lands will approve this Communitization.

Very truly yours,

E. S. Walker

E. S. WALKER
Commissioner of Public Lands

MMR/m

cc: Mr. J. W. Adams,
Tres Oil Co.-Hobbs, N. Mex.

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

June 4, 1956

C
O
P
Y

Mr. John Quinn
Easley, Quinn & Stout
P.O. Box 2587
Hobbs, New Mexico

Dear Sir:

In behalf of your client, Tree Oil Company, we enclose a copy of Order R-806 issued May 28, 1956, by the Oil Conservation Commission in Case 1050, which was heard on April 3rd in Hobbs.

Very truly yours,

A. L. Porter, Jr.
Acting Secretary - Director

brp
Encl.

**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. 1050
Order No. R-806**

**THE APPLICATION OF TREES OIL
COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION TO
RULE 5 (a) OF THE SPECIAL RULES
AND REGULATIONS FOR THE SUMMIT
GAS POOL AS SET FORTH IN ORDER
NO. R-520 IN THE ESTABLISHMENT
OF A NON-STANDARD GAS PRODUCTION
UNIT OF 160 CONTIGUOUS ACRES
CONSISTING OF THE N/2 NW/4
SECTION 20 AND E/3 SW/4 SECTION
17, TOWNSHIP 22 SOUTH, RANGE 37
EAST, LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a.m. on April 3, 1956 at Hobbs, New Mexico, before Warren W. Mankin, Examiner duly appointed by the Oil Conservation Commission of New Mexico in accordance with Rule 1214 of the Rules and Regulations of the New Mexico Oil Conservation Commission.

NOW, on this 28th day of May 1956, the Oil Conservation Commission of New Mexico hereinafter referred to as the "Commission", a quorum being present, having considered said application, the evidence adduced, the recommendations of the Examiner, Warren W. Mankin, 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 applicant, Trees Oil Company is the operator and the owner of 50% of the working interest of state oil and gas lease No. D-834 covering the NW/4 NW/4 of Section 20, Township 22 South, Range 37 East, NMPN, consisting of 40 acres, applicant also owns 50% of the working interest of a fee lease covering the NE/4 NW/4 of Section 20, and SE/4 SW/4 of Section 17, Township 22 South, Range 37 East, consisting of 80 acres and applicant also owns 50% of the working interest of a federal lease covering the NE/4 SW/4 of Section 17, Township 22 South, Range 37 East, consisting of 40 acres.

(3) That C. H. Sweet and Rowan and Penrose each own 25% or the remainder of the working interest in the state, fee, and federal leases as listed in paragraph (2) above.

(4) That applicant, C. H. Sweet and Rowan and Penrose have agreed to communitize the subject leases, upon the approval of this unit by the Oil Conservation Commission.

(5) Applicant as operator, has drilled its State Well No. 1, located 660 feet from the North and West lines of Section 20, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. Said well within the horizontal and vertical limits of the Eumont Gas Pool.

(6) That it is impractical to pool applicant's said lease with adjoining acreage in the Eumont Gas Pool and that the owners of adjoining acreage in said area have not objected to the formation of the proposed proration unit of 160 acres.

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

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

IT IS THEREFORE ORDERED:

(1) That the application of Tres Oil Company for approval of a 160 acre non-standard gas proration unit consisting of the following described acreage in the Eumont Gas Pool, Lea County, New Mexico:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
N/2 NW/4 Section 20
E/2 SW/4 Section 17

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

(2) That applicant's well, State Well No. 1, located in the center of the NW/4 NW/4 of Section 20, Township 22 South, Range 37 East, NMPM, shall be granted an allowable in the proportion that the above-described 160 acre unit bears to the standard proration unit for the Eumont Gas Pool. Said allowable to become effective on the date the well is connected to a pipeline or the first of the month following the date that an affidavit from the applicant of the successful communitization of the working interests is furnished the Hobbs office of the Oil Conservation Commission

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Order No. 2-506

or the submission of Forms C-104, C-110 and Gas Well Plat C-128,
whichever date is later.

BONE at Santa Fe, New Mexico, on the day and year
hereinafter designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John F. Simms

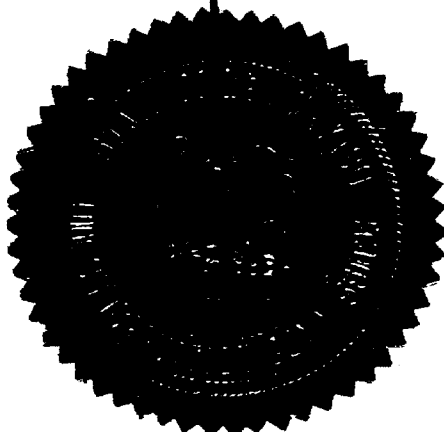
JOHN F. SIMMS, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



ix/

MAIN OFFICE OIL COMPANY
 113 PETROLEUM BUILDING
 1956 JUN 4 HNP 8751 NEW MEXICO
 May 31, 1956

Case # 1050

State Land Office
 Unit Division
 Santa Fe, New Mexico

Attention: Mr. E. S. Walker
 Commissioner of Public Lands

Re: Communitization -
 N/2 NW/4 Sec. 20,
 E/2 SW/4 Sec. 17
 T 12 S - R 37 E

Gentlemen:

In reply to your letter of May 11 and to your question today to Mr. Montgomery of the Oil Conservation Commission office in Hobbs, I will attempt to bring you up to date on the subject acreage. This well has been drilled and completed on the NW/4 Section 20-22-37. It was completed as a gas well with incidental oil in the Eumont Pool. All of the completion information and other pertinent information can be found in the Oil Conservation Commission files in Case 1050, heard in Hobbs, New Mexico, before an examiner on April 3, 1956.

The well is now connected to El Paso Natural Gas Company's high pressure gas system. In the files of the Oil Conservation Commission are the Affidavit of Communitization among the working interest owners for the subject acreage. Also in their files is the date of connection to El Paso, which I understand to be the effective date of allowable.

A Communitization Agreement has been drawn up involving the subject land. It is on a printed form acceptable to the United States of America as a royalty owner and one which I feel sure the State has previously executed. I am personally making a trip next week to Houston, Dallas and Fort Worth, Texas, where I will secure all of the working interest signatures and a large portion of the royalty interest. I intend to attend the Oil Conservation Commission state wide hearing in Santa Fe on June 14 at which time I will personally bring the Communitization Agreement to your

State Land Office
May 31, 1956
Page #2

office for signature. Upon execution of all of the working interest, royalty interest and overriding royalty interest owners, the Federal Government will then be presented with a copy for execution.

We regret the delay involved, but hope that all the signatures will be affixed to your Communitization Agreement embracing the subject land within thirty days.

Yours very truly,

TRES OIL COMPANY

J. W. Adams

JWA/sk

cc: Mr. Montgomery, O.C.C., Hobbs, New Mexico
Mr. Porter, O.C.C., Santa Fe, New Mexico

MAIN OFFICE OCC

1956 MAY 14 AM 8:55

Case #1050

May 11, 1956

In reply refer to:
Unit Division

Tres Oil Co.
P. O. Box 1628
Hobbs, New Mexico

Attention: Mr. J. W. Adams

Re: Communitization -
N/2 NW/4 Sec. 20,
E/2 SW/4 Sec. 17
(T. 22 S - R. 37 E)

Dear Mr. Adams:

We are in receipt of your affidavit stating that the above described acreage has been communitized for your Tres Oil Co. State Well No. 1.

If this Communitization has been formed, you have failed to submit it to the State Land Commissioner for his approval and for filing.

The NW/4 NW/4 of Sec. 20-22S-37E is the only State owned land in the above described acreage and is under lease to Humble Oil and Refining Co. under State Lease B-934.

Please let us hear from you concerning this Communitization and the location of this well at your earliest convenience.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

WMD/m

cc: OCC-Santa Fe

MAIN OFFICE OCC

1956 MAY 14 AM 8:55

Case # 1050

May 11, 1956

In reply refer to:
Unit Division

Tres Oil Co.
P. O. Box 1628
Hobbs, New Mexico

Attention: Mr. J. W. Adams

Re: Communitization -
N/2 NW/4 Sec. 20,
E/2 SW/4 Sec. 17
(T. 22 S - R. 37 E)

Dear Mr. Adams:

We are in receipt of your affidavit stating that the above described acreage has been communitized for your Tres Oil Co. State Well No. 1.

If this Communitization has been formed, you have failed to submit it to the State Land Commissioner for his approval and for filing.

The NW/4 NW/4 of Sec. 20-22S-37E is the only State owned land in the above described acreage and is under lease to Humble Oil and Refining Co. under State Lease B-934.

Please let us hear from you concerning this Communitization and the location of this well at your earliest convenience.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

END/m

cc: OCC-Santa Fe

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 3, 1956

IN THE MATTER OF:)
CASE 1050)

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 3, 1956

IN THE MATTER OF:

The application of Tres Oil Company
for an order granting a 160 acre non-
standard gas proration unit in the
Eumont Gas Pool, Lea County, New
Mexico, in exception to Rule 5 (a)
of the Special Rules and Regulations
of the Eumont Gas Pool, as set forth
in Order R-520.

CASE NO. 1050

Applicant, in the above-styled cause,
seeks an order granting the establish-
ment of a 160 acre non-standard gas
proration unit in the Eumont Gas Pool,
Lea County, New Mexico; said unit to
consist of the E/2 SW/4 Section 17 and
and the N/2 NW/4 Section 20, Township 22
South, Range 37 East, Lea County, New
Mexico; said unit to be dedicated to
applicant's Tres Oil Company State No. 1
located 660 feet from the North line
and 660 feet from the West line of said
Section 20.

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case on the docket is Case No. 1050, the
application of Tres Oil Company for an order granting 160 acre non-standard
proration unit in the Eumont Pool.

JOHN QUINN: Mr. John Quinn representing the Tres Oil Company. This
is Mr. John Adams and he is the man to be sworn.

JOHN ADAMS

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

BY MR. QUINN:

Q. Will you state your name?

A. My name is John Adams.

Q. Where do you live?

A. Hobbs, New Mexico.

Q. Who are you employed by, Mr. Adams?

A. Tres Oil Company.

Q. In what capacity?

A. As Petroleum Engineer.

Q. Have you testified before the Oil Conservation Commission before as an expert, on prior occasions?

A. Yes, I have.

Q. Are Mr. Adams' qualifications satisfactory?

MR. MANKIN: They are.

Q. Mr. Adams, are you familiar with the application for Tres Oil Company in Case 1050?

A. Yes, I am.

Q. By that application, what action does Tres seek?

A. Tres Oil Company asked that the Commission grant a non-standard proration unit in the Eumont Gas Pool being the N/2 of the NW/4 of Section 20, and E/2 of SW/4 of Section 17, Township 22 South, Range 37 East.

Q. I hand you what has been marked Exhibit 1. Mr. Adams, would you state what that Exhibit shows?

A. This Exhibit shows the non-standard proration unit, for which we applied, outlined in red. It also shows the producing wells, abandoned wells, and dry holes drilled in the immediate vicinity.

Q. What well is the unit well of the proposed unit there, Mr. Adams?

A. The well located in the NW/4 NW/4 Section 20, being 660 feet from the North and West lines of the Section and shown as gas well No. 1.

Q. Is this the well on the plat here?

A. That is the well.

Q. Can you give a brief history of this well to date?

A. Yes, this well was commenced on February 10th of this year and completed on March 3rd. Surface pipe was set to 291 feet and the well commenced coring at 3450 feet and cored to the total depth of 3600 feet. All cores were recovered and drill stem tests were made at intervals of 50 feet each so that all of the core sections were drill stem tested. Then a casing was set to 3450 feet and the well was completed in the open hole a treatment of 5,000 gallons of duofrac. Natural production on this well was 4000,000 cubic feet of gas per day production, after treatment was to 2,000,000 cubic feet of gas per day.

Q. What is the -- where is the location of this well, Mr. Adams, in relation to your section line?

A. 660 feet from the North and West lines of the section.

Q. And have there been any other wells drilled on this particular unit?

A. Yes, there have. There was one well drilled, located in the NE/4 SW/4 of Section 17. It was drilled by Rowan and Penrose in 1935, to a total depth of 4,077 feet, plugged and abandoned at that time.

Q. Is this the well on this Exhibit right here?

A. Yes, sir, it is.

Q. And that is abandoned and plugged at the present time?

A. Yes, it is.

Q. Do you have an electric log on this well here of the unit that you drilled?

A. Yes, I do.

Q. Mr. Adams, do you have that electric log here?

A. Yes, sir. I have it around here somewhere and I will get it for you.

Q. Does this well produce any fluids at the present time?

A. Yes, it does.

Q. What is the --- do you have the information on that?

A. Yes, I do. Two tests have been made on this well. One when flowing on $1\frac{1}{2}$ " choke. The well made 1,800,000 cu. ft. of gas per day with 16 barrels of associated liquids being 36 gravity at 60 degrees Fahrenheit, flowing tubing pressure was 100 lbs. Another test was made with the flowing tubing pressure of 600 lbs. which approximates the El Paso Natural Gas Company's high pressure transmission line pressure in which the well made 1,050,000 cu. ft. of gas per day with 9 barrels of 36 gravity. The Gas-oil ratio in this case was 116,700.

Q. In view of this information, do you consider this essentially as a gas well?

A. Yes, I do consider it essentially as a gas well. There has been a contract executed between Tres Oil Company and El Paso Natural Gas Company for the purchase of high pressure gas.

Q. This well is not producing at the present time, is it?

A. It is awaiting a pipeline connection.

Q. Who owns the operating rights in this tract, Mr. Adams?

A. Tres Oil Company, C. H. Sweet, Rowan and Penrose.

MR. MANKIN: Has Tres Oil Company leased an agreement with all of the operators in this unit for the pooling of these tracts and the execution of the unit Operating Agreement subject to the approval of the Commission?

MR. ADAMS: Yes, it has.

Q. And such agreement will be entered into immediately upon approval of this application?

A. Yes, it will.

Q. Are you familiar with the royalty owners in this tract?

A. Yes, I am. There are nine royalty owners that are fee owners, that is, as opposed to the state and the federal government. Then there are two overriding royalty owners, Humble and Warren.

Q. The overriding royalty owners, Humble and Warren, are agreeable to the unitization of this tract?

A. Humble and Warren have offered no objection to me on the formation of this unit.

Q. Mr. Adams, have you made a study of all the information available in an effort to determine whether the acreage included can be assumed to be productive of gas in this proposed unit?

A. Yes, I have.

Q. Would you look at the Exhibit here, Mr. Adams, and give a history of some of the surrounding wells in this unit?

A. Yes, in section 18 the Humble State "M" No. 3, which is the well located in the SE/4 SE/4 has been plugged and abandoned. It produced from the Arrowhead Oil Pay and immediately north of that well is Humble State "M" No. 8 which is presently producing from the Arrowhead Oil Pool and immediately north of that well is Gulf's Christmas No. 7 being in the SE/4 NE/4 which is producing from the Arrowhead Oil Pool. In addition to the well previously discussed, the Rowan and Penrose well located on this unit acreage, there was a well drilled by the Sunray, now Sunray-Midcontinent in the NW/4 SE/4 Section 17. It was drilled to approximately 6500 feet, and these are approximate depths, and then re-entered, drilled deeper and tested then plugged. No tests were made of the Penrose section in the Sunray Mid-Continent well, however,

there is an electric log available which shows the section to the present and development.

Q. Is this unit within the horizontal limits of the Eumont Pool?

A. It is not at the present time. The horizontal limits of the Eumont Pool are 660 feet west of the well location.

Q. Are you asking at this hearing that the unit be included in horizontal limits of the Eumont Pool?

A. Yes, our Company has filed the form necessary with the Commission for an extension of a pool to include this well. We have asked that the Eumont Gas Pool be extended to include the SW/4 section 17 and NW/4 of Section 20 Township 22 South, Range 37 East.

Q. Is this unit within the vertical limits or the well within the vertical limits of the Eumont Pool?

A. Yes, it is.

Q. Is it your opinion that this well would be capable of producing the allowable which would be granted if this application is approved.

A. Yes.

Q. Did you find that electric log?

A. Yes, I would like to introduce that as an Exhibit.

Q. All of these Exhibits were prepared by you or under your direction, Mr. Adams?

A. Yes, sir.

Q. Do you think that the granting of this unit would protect correlative rights and diminish waste?

A. Yes, I do.

Q. Is there anything further that you would like to add, Mr. Adams?

A. I have nothing further.

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MR. MANKIN: Mr. Adams, you indicated this was within a mile of the Eumont Gas Pool, therefore, according to the Rules of the Commission under Order R-520, this would be considered under the Eumont Gas Pool?

A. Yes, sir.

MR. MANKIN: Let the record show that in conformance with your particular statement that you had applied for the pool to be extended, that Case No. 1055, Section 6 to be heard on April 18, 1956, would reflect this extension of the Eumont Gas Pool as herein requested by the applicant, Mr. Adams, you mentioned that the Rowan and Penrose Well #1, located in the NE/4 SW/4 of Section 17, was drilled and abandoned about 1935, is that correct?

MR. ADAMS: Yes, sir, the records of the Commission - I beg your pardon - records of the Geological Survey show that.

MR. MANKIN: Based upon present-day techniques, of fracturing and completion practices, is it your opinion that if that well had now been drilled under present practices that that would have been a commercial well, from Penrose or a Queen member and productive of gas.

MR. ADAMS: Yes, sir, that is my opinion.

MR. MANKIN: You mentioned also that the well directly east of the Sunray Mid-Continent No. 1 "A" in the NW/4 of SE/4 of Section 17 as being abandoned, when was that --- approximately, when was that drilled?

MR. ADAMS: That was drilled in 1946, I believe, and re-entered in 1947 -- way back there -- I have that.

MR. MANKIN: That is sufficient. And again, your opinion would be the same that, if that well were presently developed, it would have been productive by the present-day methods, productive of gas in the Penrose Member?

MR. ADAMS: Yes, sir, that is my opinion.

MR. MANKIN: It is true, is it not that wells in this area do make considerable amounts of liquids from the Penrose member gas wells?

MR. ADAMS: Yes, sir, in general at certain levels on the structure. I believe that liquid is found associated with the structural position and across the development.

MR. MANKIN: Is it in connection with a gas-oil contact or is it different members of the Penrose?

MR. ADAMS: No, sir, in my opinion it is not associated directly as a contact in this particular well, the old cores were 100% recovered and analyzed, and examination of this core analysis does show liquid saturations in the upper part of the section, equally high as they are in total depths.

MR. MANKIN: Is there a separate and distinct gas zone in this area or is it associated very closely with the oil zone?

MR. ADAMS: I think that the entire section of the Penrose, from top to bottom, is primarily a gas zone and this condition is reflected by the pressure information and the manner in which the well is produced and that in certain positions, on the structure, there would be porosity development such that the effective permeability of the formation to oil would be sufficient for the oil to enter the bore-hole. Whereas perhaps higher on the structure where the formation is generally tighter this would not be the case.

MR. MANKIN: Then in this particular area, depending upon the rates of production, the wells would either be oil wells or gas wells. Is that true?

MR. ADAMS: That condition might exist, I am not --- I have not examined that sufficiently ---

MR. MANKIN: Are you familiar with the lease adjoining this, which is the Humble State "M" Lease in Section 19, the N/2 Section 19, where different flow rates did result in getting an oil well or gas well but in most normal flow rates as carried in the Eumont Gas Pool, it would be a gas well?

MR. ADAMS: Yes.

MR. MANKIN: Another question -- this particular 160 acres, it consists of both state and federal acreage, is that correct?

MR. ADAMS: Yes, sir, that is correct.

MR. MANKIN: Have you any indication from the federal government, the U SCS in particular, that they would approve such a unitization, communitization rather?

MR. ADAMS: No, sir, I have not contacted the Geological Survey.

MR. MANKIN: 120 acres of the 160 acres is federal acreage?

MR. ADAMS: No, sir, 40 acres of the 160 acres is federal acreage.

MR. MANKIN: In other words, the NE/4 SW/4 of Section 17 is the only federal acreage?

MR. ADAMS: Yes, sir, that is correct. The state acreage is the NW/4 NW/4 of Section 20 and then the fee lands are the NE/4 NW/4 of Section 20 and the SE/4 SW/4 of Section 17.

MR. MANKIN: Which is indicated as the Christmas Lease?

MR. ADAMS: Yes, sir

MR. MANKIN: Fee lease?

MR. ADAMS: Yes, Fee lease.

MR. MANKIN: Tres Oil Company is the only working -- has the primary portion of the working interest.

MR. ADAMS: Has the majority of the working interest, yes, sir.

MR. MANKIN: Is there question of the witness in this case?

MR. QUINN: Did you have anything further to add, Mr. Dupont?

MR. MANKIN: Would you like to enter Exhibits?

MR. ADAMS: Yes, we would like to enter Exhibits 1 and 2, and that they may be made part of the record.

MR. MANKIN: Is there objection in entering Exhibits 1 and 2 in this case? If not, they will be so entered. Is there further question of the witness in this case? If not, the witness may be excused. Is there any

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statements or anything further to be made in this case? Mr. Dupont?

MR. DUPONT: I just want to state that the U. S. Geological Survey had no objection to the proposed unit and that we will recommend to the Director of the Survey approval of the properly executed unit agreement covering that acreage, thank you.

MR. MANKIN: Any further statements in this case? If not, the witness may be excused and we will take the case under advisement.

STATE OF NEW MEXICO)

SS

COUNTY OF SANTA FE)

I, Dora Serna, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 7th day of August, 1956.

Dora Serna