

CASE 3595: Application of ERNEST
A. HANSON for acreage rededica-
tion, Lea County, New Mexico.

CASE No.

3595

Application,

TRANSCRIPTS,

Small Exhibits

ETC.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

P. O. Drawer 1938
Roswell, New Mexico 88201

June 14, 1967

MAIN OFFICE

'67 JUN 15 PM 1 17

Mr. Ernest A. Hanson
Post Office Box 1515
Roswell, New Mexico 88201

Re: Order No. R-3258, Case No. 3595
Application of Ernest A. Hanson
For Acreage Rededication
Lea County, New Mexico

Dear Mr. Hanson:

As you know, the Oil Conservation Commission ruled in your favor in the subject Application. This Order No. R-3258 stipulates that the Gas-Oil Ratio shall be determined every sixty days.

Please be advised that Gulf desires to witness these tests; therefore, it is requested that this office be advised prior to each test so that our representative may be present.

Yours very truly,

ORIGINAL SIGNED
BY

M. I. TAYLOR

M. I. Taylor

JHH:sz

cc: Oil Conservation Commission
State of New Mexico
Post Office Box 2088
Santa Fe, New Mexico 87501
Attention: Mr. A. L. Porter, Jr.

New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico 88240



GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

P. O. BOX 2088
SANTA FE

June 8, 1967

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 3595
Order No. R-3258
Applicant:
ERNEST A. HANSON

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other Mr. Bill Kastler

MAIN OFFICE

13 JUN 1967
18 MAY 1967

Case 35-95

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
ERNEST A. HANSON FOR APPROVAL OF
RE-DEDICATION OF ACREAGE IN THE
BLINEBRY POOL, LEA COUNTY, NEW
MEXICO

A P P L I C A T I O N

Comes now ERNEST A. HANSON and applies to the Oil Conservation Commission of New Mexico for approval of the re-dedication of acreage in the Blinebry Pool, Lea County, New Mexico, from gas to oil production, and in support thereof, would show the Commission:

1. Applicant has re-completed his Ernest A. Hanson No. 4 Gutman Well, (formerly the Gulf No. 3 Max Gutman well) located 2080 feet from the north line and 1980 feet from the west line of Section 19, Township 22 South, Range 38 East, N.M.P.M., Lea County, New Mexico, for the production of oil from the Blinebry pool.

2. That under the provisions of the pool rules for the Blinebry Gas Pool, Order No. R-1670, as amended by Order No. R-2761, and Order No. R-610, as amended, the applicant's No. 4 Gutman well is properly classified as an oil well.

3. Applicant proposes to dedicate to said well the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 19, Township 22 South, Range 38 East,

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Date 5-25-67

N.M.P.M., for the production of oil from the Blinebry pool, and said SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 19 is productive of oil from the Blinebry pool.

4. Waste will result if applicant is not allowed to produce the oil from the Blinebry Oil Pool in said quarter-quarter section.

5. That in order to protect the correlative rights of the applicant and to prevent waste, the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 19 should be dedicated to the Ernest A. Hanson Max Gutman Well No. 4 as a standard oil proration unit for the production of oil from the Blinebry Oil Pool.

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the re-dedication of acreage as applied for.

Respectfully submitted,

ERNEST A. HANSON

BY: Jason W. Kellahin
Kellahin & Fox
Post Office Box 1769
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT

Docket No. 17-67

DOCKET: EXAMINER HEARING - TUESDAY - JUNE 6, 1967

9 A. M. OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

CASE 3592: Application of Anne Burnett Windfohr, dba Windfohr Oil Company, for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the San Andres formation through eight wells in Sections 13, 14 and 24, Township 17 South, Range 30 East, Grayburg-Jackson Pool, Eddy County, New Mexico. Applicant further seeks an administrative procedure for future expansion of said project.

CASE 3577: (Continued and Readvertised)

Application of Gulf Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Eddy "BD" State Well No. 1 at an unorthodox location 660 feet from the South line and 990 feet from the East line of Section 32, Township 20 South, Range 30 East, in an undesignated Strawn gas pool, Eddy County, New Mexico.

CASE 3578: (Continued and Readvertised)

Application of Texas Pacific Oil Company for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

A 120-acre non-standard gas proration unit comprising the N/2 NE/4 and the SE/4 NE/4 of Section 7, to be dedicated to the State "A" A/c-2 Well No. 5, located in Unit A of said Section 7, and also to the State "A" A/c-2 Well No. 6 located in Unit B of said Section 7;

A 160-acre non-standard gas proration unit comprising the W/2 W/2 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 41, located in Unit M of said Section 5;

An 80-acre non-standard gas proration unit comprising the E/2 NW/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 44, located in Unit F of said Section 5;

A 160-acre non-standard gas proration unit comprising the N/2 SE/4 and the E/2 SW/4 Section 5, to be dedicated to the State "A" A/c-2 Well No. 28, located in Unit I of said Section 5;

Case 3578 continued

An 80-acre non-standard gas proration unit comprising the S/2 SE/4 of Section 5, to be dedicated to the State "A" A/c-2 Well No. 27, located in Unit P of said Section 5;

A 160-acre non-standard gas proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 54, located in Unit O of said Section 8;

A 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 56, located in Unit J of said Section 8;

An 80-acre non-standard gas proration unit comprising the S/2 NE/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 43, located in Unit H of said Section 8;

An 80-acre non-standard gas proration unit comprising the N/2 NW/4 Section 8, to be dedicated to the State "A" A/c-2 Well No. 49, located in Unit C of said Section 8;

A 240-acre non-standard gas proration unit comprising the NE/4 and E/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 40, located in Unit A of said Section 9;

A 240-acre non-standard gas proration unit comprising the E/2 SE/4 Section 8, and the SW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 38, located in Unit K of said Section 9;

A 160-acre non-standard gas proration unit comprising the N/2 NE/4 Section 8, and the W/2 NW/4 Section 9, to be dedicated to the State "A" A/c-2 Well No. 29, located in Unit D of said Section 9.

CASE 3579: (Continued from the May 24th Examiner Hearing)

Application of Texas Pacific Oil Company for three dual completions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its State "A" A/c-2 Wells Nos. 28, 54, and 29, located in Unit I of Section 5, Unit O of Section 8, and Unit D of Section 9, respectively, Township 22 South, Range 36 East, Lea County, New Mexico, in such a manner as to produce gas from the Jalmat Gas Pool and oil from the South Eunice Oil Pool.

CASE 3593: Application of Amerada Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Monument Paddock and Monument Blinbry Oil Pools in the wellbore of its L. M. Lambert Well No. 8 located in Unit G of Section 6, Township 20 South, Range 37 East, Lea County, New Mexico, with the assignment of a single allowable to said commingled production.

CASE 3594: Application of Amerada Petroleum Corporation for an Ogallala oil proration unit, special rules for said unit and authority for fresh water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of the SE/4 NW/4 of Section 30, Township 18 South, Range 38 East. Lea County, New Mexico, as a 40-acre proration unit for production of oil from the Ogallala formation. Applicant also seeks the establishment of special rules governing said 40-acre tract including a maximum density of one well per 0.625-acre with a provision that wells should be drilled no nearer than 82.5 to the outer boundary of the unit and no nearer than 165 feet to another well producing from the same formation, provided that an exception should be made for existing wells on said 40-acre tract which are not located in conformance with said spacing rules. Applicant also seeks a temporary exception to Rule 307 for each well to permit utilization of a vacuum-type drilling unit during the drilling and completion operations. Applicant also seeks authority to produce the wells at capacity even though the aggregate production from said wells exceeds the 40-acre normal unit allowable. Applicant further seeks authority to dispose of fresh water produced with the oil back into the Ogallala formation through an injection well or wells located no nearer than 330 feet to the outer boundaries of the 40-acre tract.

CASE 3595: Application of Ernest A. Hanson for acreage rededication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the rededication of the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East for the production of oil from the Blinebry Oil Pool, said 40-acre unit to be dedicated to applicant's Gutman Well No. 4, formerly the Gulf Oil Corporation's Max Gutman Well No. 3. This acreage is presently dedicated as a part of a 160-acre standard gas proration unit in the Blinebry Gas Pool to Gulf Oil Corporation's Max Gutman Well No. 2 located in Unit C of said Section 19.

CASE 3350: (Reopened)

In the matter of Case No. 3350 being reopened pursuant to the provisions of Orders Nos. R-3021 and R-3021-A, which orders established 80-acre spacing units for the Young-Wolfcamp Pool and the Young-Bone Spring Pool, Lea County, New Mexico, respectively, for a period of one year. All interested parties may appear and show cause why said pools should not be developed on 40-acre spacing units.

CASE 3596: Application of Tenneco Oil Company for an unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Jicarilla "B" Well No. 8 at a point 790 feet from the North line and 2510 feet from the East line of Section 15, Township 26 North, Range 5 West, Blanco-Mesaverde Gas Pool, Rio Arriba County, New Mexico.

-4- Examiner Hearing - June 6, 1967

Docket No. 17-67

CASE 3574: (Continued from May 24th Examiner Hearing)

Application of Cima Capitan, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in Unit C of Section 3, Township 17 South, Range 32 East, Maljamar Pool, Lea County, New Mexico.

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. 3595
Order No. R-3258

APPLICATION OF ERNEST A. HANSON
FOR ACREAGE REDEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 6, 1967,
at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 8th day of June, 1967, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Ernest A. Hanson, seeks the rededica-
tion of the SE/4 NW/4 of Section 19, Township 22 South, Range 38
East, NMPM, Lea County, New Mexico, to his Max Gutman Well No. 4,
located in Unit F of said Section 19, for the production of oil
from the Blinebry Oil Pool.

(3) That the said SE/4 NW/4 of Section 19, Township 22 South,
Range 38 East, NMPM, Lea County, New Mexico, is presently dedicated
as a part of a 160-acre standard proration unit comprising the NW/4
of said Section 19 in the Blinebry Gas Pool to the Gulf Oil Corpora-
tion Max Gutman Well No. 2, located in Unit C of said Section 19.

(4) That by Order No. R-610, dated April 11, 1955, as amended
by Order No. R-610-A, May 27, 1955; Order No. R-610-B, June 13,
1955, Order No. R-610-C, January 9, 1956, and Order No. R-610-D,

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CASE No. 3595
Order No. R-3258

February 26, 1957, special rules and regulations were adopted for the Blinebry Oil Pool and the Blinebry Gas Pool, Lea County, New Mexico.

(5) That Rules 2 and 3 of said order define oil wells and gas wells in the Blinebry Oil Pool and the Blinebry Gas Pool, respectively.

(6) That Order No. R-1670, dated May 20, 1960, superseded Orders Nos. R-610, R-610-A, R-610-B, R-610-C, and R-610-D with respect to the Blinebry Gas Pool, and promulgated Special Rules and Regulations for the Blinebry Gas Pool, Lea County, New Mexico, in addition to the General Rules and Regulations for Southeastern New Mexico adopted by Order No. R-1670, dated May 20, 1960, as amended by Orders No. R-2761, Dated January 1, 1965, No. R-3168, dated December 22, 1966, and No. R-3233, dated May 8, 1967.

(7) That Rules 27(A) and 27(B) of said Order No. R-1670 define gas wells and oil wells in the Blinebry Gas Pool and the Blinebry Oil Pool, respectively.

(8) That Rule 5(A) of Order No. R-1670, dated May 20, 1960, established 160 acres as a standard gas proration unit in the Blinebry Gas Pool.

(9) That a standard oil proration unit in the Blinebry Oil Pool is 40 acres.

(10) That the applicant has the right to and has recompleted a well in the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(11) That the said well is an oil well and it appears that the SE/4 NW/4 of said Section 19 is productive of oil from the Blinebry Oil Pool.

(12) That waste will result if applicant is not allowed to produce the oil from the Blinebry Oil Pool in said quarter-quarter section.

(13) That in order to protect the correlative rights of the applicant and to prevent waste, the SE/4 NW/4 of said Section 19 should be deleted from the 160-acre standard gas proration unit presently dedicated to the Gulf Oil Corporation Max Gutman Well No. 2 located in Unit C of said Section 19 and should be re-dedicated to the Ernest A. Hanson Max Gutman Well No. 4 located

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CASE No. 3595

Order No. R-3258

in Unit F of said Section 19 as a standard oil proration unit for the production of oil from the Blinebry Oil Pool.

(14) That a 120-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the N/2 NW/4 and SW/4 NW/4 of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, should be established and dedicated to the Gulf Oil Corporation Max Gutman Well No. 2, located in Unit C of said Section 19.

(15) That to ensure the proper classification of the applicant's Max Gutman Well No. 4 at all times, the gas-oil ratio of said well should be determined every 60 days.

IT IS THEREFORE ORDERED:

(1) That the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby deleted from the 160-acre standard gas proration unit dedicated to the Gulf Oil Corporation Max Gutman Well No. 2, located in Unit C of said Section 19.

(2) That a 120-acre non-standard gas proration unit in the Blinebry Gas Pool comprising the N/2 NW/4 and SW/4 NW/4 of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the Gulf Oil Corporation Max Gutman Well No. 2, located in Unit C of said Section 19.

(3) That a 40-acre standard oil proration unit in the Blinebry Oil Pool comprising the SE/4 NW/4 of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the applicant's Max Gutman Well No. 4 located in said quarter-quarter section;

PROVIDED HOWEVER, that the applicant, Ernest A. Hanson shall conduct a gas-oil ratio test of the subject well every 60 days after the effective date of this order. Results of such test shall be reported to the Commission on Form C-116 within 10 days following completion of the test.

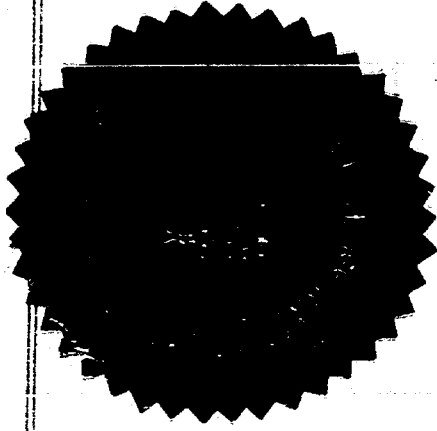
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-4-

CASE No. 3595
Order No. R-3258

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



David F. Cargo

DAVID F. CARGO, Chairman

Guyton B. Hays

GUYTON B. HAYS, Member

A. L. Porter, Jr.

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

esr/

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 S.W. 43 BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 6, 1967

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Ernest A. Hanson for
acreage rededication, Lea County,
New Mexico.)
)

Case 3595

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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MR. NUTTER: Case 3595.

MR. HATCH: Case 3595, application of Ernest A. Hanson for acreage rededication, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner, please, Jason Kellahin, Kellahin and Fox of Santa Fe, appearing for the Applicant. I have one witness I would like to have sworn, please.

(Witness sworn.)

WILLIAM J. MCCOY, called as a witness on behalf of the Applicant, first having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A William J. McCoy.

Q By whom are you employed, Mr. McCoy?

A I am a consulting geologist and engineer.

Q Are you self-employed and do consulting work?

A I am.

Q In connection with your work, do you have any connection with Ernest A. Hanson, in Case 3595?

A I am a working interest owner in the lease.

Q And, did you, at the insistence of Mr. Hanson, make any preparation for the presentation of Case 3595?

A Very little. Mr. Hanson's exploration manager was do to be here, but, due to an emergency, was called out of town.

Q So, you are appearing, though, for Mr. Ernest A. Hanson, is that correct?

A Right.

Q As a consulting geologist?

A Yes.

Q Have you testified before the Oil Conservation Commission?

A I have.

Q And, made your qualifications a matter of record?

A Yes, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q (By Mr. Kellahin) Mr. McCoy, are you familiar with the application of Ernest A. Hanson, in Case 3595?

A I am.

Q Briefly, what is proposed in this application?

A Mr. Hanson proposes to rededicate the Southeast Quarter of the Northwest Quarter of Section 19, Township 22 South, Range 38 East, as a Blinbry oil producing --

Q Now, are you familiar with the history of the lease

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involved here?

A I am.

Q For the benefit of the Examiner, would you review briefly how Mr. Hanson came to have an interest in this lease?

A Originally, I obtained or negotiated for a farm-out with Gulf Oil Corporation on the 320 acre lease, and after obtaining the farm-out, it was made directly to Mr. Hanson from Gulf Oil Corporation, giving all of the oil and gas, I mean all of the oil and gas rights under the 320, except the Blinebry and Tub gas rights, which are producing in Gulf's Number 1, and Number 2 Gutman, providing certain drilling obligations were met.

Q Now, is the acreage involved in this application presently dedicated to Gulf's gas well?

A It is.

Q And, what well is that?

A Number 2, Gutman, in the Northeast Quarter of the Northwest Quarter of Section 19.

Q Now, are you familiar with the drilling of the Number 4 Gutman well by Ernest A. Hanson?

A I am familiar with the re-entry. The well was originally drilled by Gulf Oil Corporation.

Q Now, would you just outline, briefly, what occurred since Hanson took over the lease in connection with that well?

A We re-entered the well and cleaned out to the total depth and squeezed Gulf's perforations, which were in the Paddock formation and Gulf's perforations in the Paddock were 5126 to 30 and 5110 to 18. And, after completion of the squeeze job, we drilled out the cement to total depth and re-perforated in the Blinebry zone and fractured the well and re-potentialized it.

Q Now, what tests were made upon completion of the well in the Blinebry?

A The original, Gulf's completion or --

Q No, on Hanson's completion.

A Hanson's completion?

Q Yes, sir.

A It was originally completed for 87 barrels of oil per day, flowing on a 1064 choke.

Q Now, what was the gravity of this fluid?

A Forty-one degrees.

Q Did you take a gas-oil ratio test?

A At that time, we did not, because we developed sand trouble, flowing back from the fracture job.

Q Have you subsequently made a gas-oil ratio test?

A We have made a re-test on June 2nd to June 3rd.

(Whereupon, Applicant's Exhibit Number 1 was marked for identification.)

Q Now, referring first to, before we get to that, Mr. McCoy, you are referring to what has been marked as Exhibit Number 1, would you identify that exhibit, please?

A Exhibit 1 is a lease plat, showing the location of Ernest Hanson's lease in the West Half of Section 19, Township 22 South, Range 38 East.

Q Now, it is proposed, as I understand the application to rededicate the Southeast Quarter of the Northwest Quarter of Section 19, Township 22 South, Range 38 East, to the Number 4 Gutman Well?

A That's correct.

(Whereupon, Applicant's Exhibit Number 2 was marked for identification.)

Q Now, referring to Exhibit Number 2, would you identify that exhibit, please?

A This is a gas-oil ratio test, run on June 2nd and June 3rd of this month and an attached chart. We placed the well on an intermeter and attempted to find the most ideal rate of flow with the minimum GOR and during the twenty-four hours the well was actually produced eight hours and produced a total of 49.7 barrels of oil and 11.09 MCF of gas for a calculated gas-oil ratio of 223 to 1.

Q Do you anticipate Mr. McCoy that this well can continue to produce at a gas-oil ratio in the vicinity of 223

to 1?

A I would not expect so. I would tend to believe, as we open the well, either by choke or increasing rates of intermittent flow, that we will probably increase the rate of gas.

Q In your opinion, however, will the gas production be such from this well, that it will continue to be classified as an oil well under the Blinebry rules?

A I believe it will.

Q You are familiar with those rules, are you?

A Right.

Q And, it would continue to produce as an oil well?

A To best of my knowledge, I believe it will.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Exhibits 1 and 2 were prepared by me with the exception of Exhibit 2. I supervised the installation of the meter and set the intermeter and watched the first four hours of production, engaged each four hours, for the first four hours and the test was completed on Saturday, June 3rd and the chart was brought into Hanson's office and Mr. Tram, their exploration manager prepared the calculations.

Q Have you examined the exhibit, Mr. McCoy?

A I have.

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Q In your opinion, does it correctly reflect the results of the tests that were made?

A To the best of my knowledge, it does.

Q And, in your opinion was it an accurate test?

A I believe it was an accurate test, yes, sir.

Q Now, Mr. McCoy, in your opinion is the Southeast Quarter of the Northwest Quarter of Section 19 productive of oil from the Blinebry?

A I believe it is.

MR. KELLAHIN: At this time, I will offer Exhibits 1 and 2 in evidence.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits 1 and 2 were admitted in evidence.)

MR. KELLAHIN: That's all I have on direct examination, Mr. Nutter.

MR. NUTTER: Are there any questions of the witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. McCoy, what was the date of re-completion of this well?

A Our actual completion was May 6th of the work but it was potentialized on May 15th.

Q And, that was that test you gave me that was 86 barrels?

A Right.

Q And no GOR on that one?

A Right.

Q And, this acreage is presently dedicated to Gulf's Number 2 which is in the Northeast, Northwest?

A Right.

Q Now, in this pro-ration unit to the south, which was the well that we had the hearing on before?

A Southwest, Southwest Number 1, Ernest Hanson's Number 1.

Q That is shown as Ernest Hanson's Number 1?

A Right.

Q And, the gas well that Gulf dedicated to that acreage down there is the Number 1 in the Southeast, Southwest is that correct?

A Correct.

MR. NUTTER: Any further questions of Mr. McCoy?
He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further,
Mr. Kellahin?

MR. KELLAHIN: That's all I have, Mr. Nutter.

dearnley-meier

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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MR. NUTTER: Does anyone have anything they wish to offer in Case 3595?

MR. KASTLER: Yes, I have a statement.

MR. NUTTER: Mr. Kastler?

MR. KASTLER: This matter, or one closely similar to it, has previously been before the Commission in Case Number 3454, which was heard September 7th, 1966. All of Mr. Hanson's rights in the West Half of Section 19, 22 South, 38 East, were derived from the Gulf assignment, dated April 1, 1966. It is our contention that by making a written exception to the assignment, wherein all Blinebry and Tub gas rights were excluded, that Mr. Hanson would be prevented from, in any way, from impairing our established gas allowables.

In its Order Number R-3160, the Commission, without attempting to construe the legal instrument, we believe, which, of course, would have been clearly outside of its jurisdiction, found that waste would result if Mr. Hanson was not allowed to produce the oil from the Blinebry Oil Pool in the forty acresubdivisions there involved.

Whether or not this is the case in the present hearing, Gulf will be damaged if this application is granted and we have no intention of letting the record fail to show a strong and vigorous objection by Gulf.

We would like further to suggest that in the light

of the testimony, when Mr. McCoy expects the GOR to increase in this well, that, if the Commission grants the application, at least you require a monthly GOR test be taken to prevent this situation that might occur in the event that they take a GOR test one day, on a six month's test. They might have to cast around several days to take a favorable GOR test and this, then, would, of course, give them the next five months and 29 days before the next succeeding tests were taken, and our rights would be impaired at that time. That is our only suggestion.

MR. NUTTER: What do the pool rules require, Mr. Kastler, semi-annual tests?

MR. KASTLER: Yes.

MR. NUTTER: Do you have a reply, Mr. Kellahin?

MR. KELLAHIN: If the Examiner, please, I think that there is no reason in this particular case, simply because Gulf claims an interest in this area, that any different rule on the GOR test should be applied than will apply elsewhere in the pool and there is nothing in the record to support such a provision.

MR. NUTTER: Is there anything else in Case 3595? We will take the case under advisement and the hearing is adjourned.

dearnley-meier

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STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, JERRY POTTS, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission Examiner at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

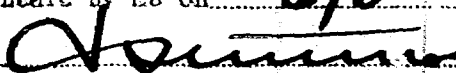
IN WITNESS WHEREOF I have affixed my hand and notarial seal this 30th day of June, 1967.

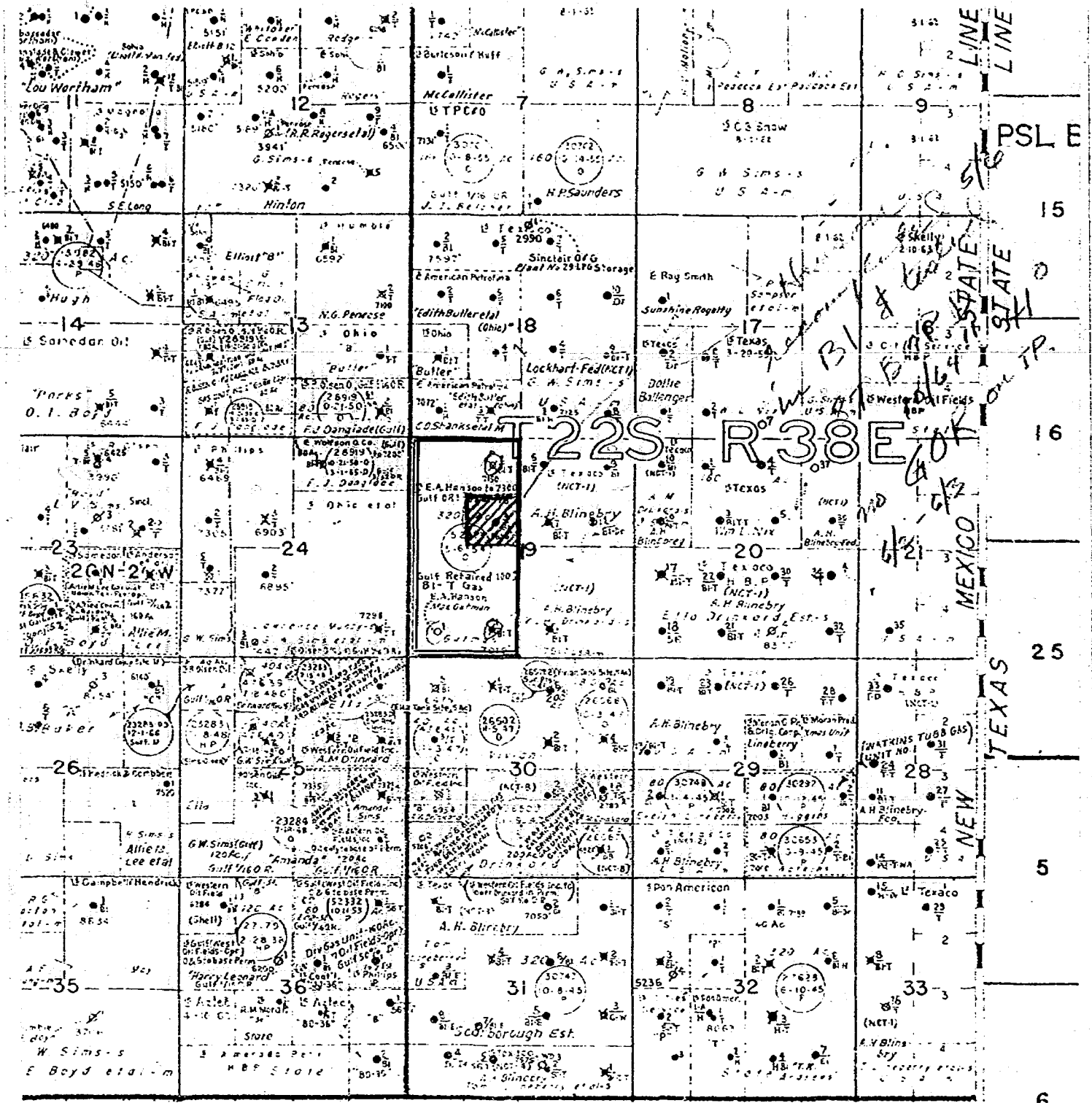

Notary Public - Court Reporter

My Commission Expires:

7-10-70

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3595 heard by me on 6/6, 1967.


Examiner
New Mexico Oil Conservation Commission



BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. _____
CASE NO. 3545

PLAT
GUTMAN LEASE
GULF OIL CORPORATION

CASE NO.
EXHIBIT NO.
DATE _____

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator Ernest A. Hanson		Pool Blinebry Oil				County Lea										
Address P. O. Box 1515, Roswell, New Mexico						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL.
		U	S	T	R							WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
Max Gutman	4	F	19	22S	38E	6-3-67	F	1/4"	500	0	8	0	41	49.7	11.09	223-1

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 3575

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

W. J. McEwen
(Signature)
W. J. McEwen
(Title)
June 5, 1967
(Date)

