

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
April 21, 1955

IN THE MATTER OF:

CASE NO. 884 - Regular Hearing

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
April 21, 1955

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion for an order deleting the Queen formation as a producing horizon for the Penrose-Skelly Pool in Lea County, New Mexico, and extending the Eumont Gas Pool to include:

Case No. 884

TOWNSHIP 21 SOUTH, RANGE 37 EAST
N/2, SE/4 and E/2 SW/4 of Section 8;
all of Sections 16, 17, 20 and 21

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 884.

MR. KITTS: I would like to make a brief statement for the record in this case, as it appears on the docket sheet and as it appears in the advertisement. It seems from the wording that the intent of the application of the Commission was to delete the Queen formation from the entire Penrose-Skelly Pool, at least the language is subject to that construction.

However, as will appear from the testimony, the deletion of the Queen Formation is only sought in the area set forth on the docket sheet in the area described. In any event, we feel no harm has been done because we feel the hearing is within the scope of the advertisement.

S. J. STANLEY,

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

DIRECT EXAMINATION

By MR. KITTS:

Q State your name?

A S. J. Stanley.

Q You are the same Mr. Stanley who just testified?

A Yes, sir.

Q You are familiar with this Case 884?

A Yes, sir.

Q You have a statement to make?

A Yes, sir, I recommend that in this particular case the Commission delete the advertised area from the Penrose-Skelly Pool and incorporate it within the Eumont Gas Pool. The Eumont Gas Pool vertical limits are the Yates, Seven Rivers and Queen. I believe that the vertical limits, as defined by the Commission, of the Penrose-Skelly is the Queen and Grayburg. Therefore, by deleting this particular area from the Penrose-Skelly Pool and adding it and extending the advertised area to the Eumont Pool, it is necessary, due to the fact that we have reclassified in accordance with Order R-520, three wells that have had a gas-oil ratio in excess of 100,000 to 1.

In studying these wells geologically, I believe they are producing from the Queen and, therefore, in order for said operator, namely, N. B. Hunt, to obtain a standard proration unit or a non-standard proration unit in this case, as a gas well, we do recommend that this pool be extended as advertised.

Q Do you have the names of the wells?

A Yes, sir. They are N. B. Hunt Wantz No. 1 in Section 21, Township 21 South, Range 37 East; the Wantz No. 2 in the same section and the Weatherlie No. 1 in the same section.

Q Have you prepared any exhibits in connection with that?

A Yes, sir.

(Marked Commission's Exhibit
No. 1, for identification.)

MR. KITTS: We offer Exhibit No. 1 in evidence.

MR. MACEY: Without objection it will be received.

MR. KITTS: That is all.

MR. MACEY: Any questions of the witness? Off the record.

(Discussion off the record.) (Witness excused.)

MR. MACEY: We will continue the case until May and try to determine whether the proposal is feasible as far as deleting the entire area from the Penrose-Skelly, or whether we should delete just the Queen formation from the Penrose-Skelly Pool in that area.

MR. KELLAHIN: I would like to ask, if the Commission please, in the event you are going to hold this case open, I wonder if it would be possible to present further testimony in the other case, 873, if it is necessary? You can't reach a decision in 873 until you do decide that.

MR. MACEY: There is no question. We couldn't possibly write an order in Case 873 until this matter is solved because it involves putting the area under consideration in the Eumont Gas Pool. Therefore, we are going to have to hold your cases in abeyance, pending the decision in this case. In the event any testimony in this matter involves your application rather, why you certainly would have the right to put any testimony in the record.

MR. KELLAHIN: Thank you.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
May 19, 1955

IN THE MATTER OF:

CASE NO. 884

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

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion for an order deleting the Queen formation as a producing horizon for the Penrose-Skelly Pool in Lea County, New Mexico, and extending the Eumont Gas Pool to include:

Case No. 884

Twp. 21 South, Rge. 37 East
N/2, SE/4 and E/2 SW/4 of Section 8
all of Sections 16, 17, 20 and 21

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 884.

S. J. STANLEY,

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

DIRECT EXAMINATION

By MR. REIDER:

Q Mr. Stanley, you have been previously sworn in this case?

A Yes, sir, I have.

Q Will you state your name and position?

A S. J. Stanley, Engineer for the Oil Conservation Commission.

Q Mr. Stanley, you are familiar with Case 884?

A Yes, sir, I am.

Q In connection with that Case 884, you have certain recommenda-

tions to make. Will you state your recommendations and give the basis for these recommendations?

A Yes, sir, I will. Case 884 is the result of wells owned by M. B. Hunt, which produced with gas-oil ratios in excess of 100,000 to 1, and are, therefore, classified as gas wells in accordance with Order R-520, in which the Penrose-Skelly Pool is mentioned.

Secondly, a study of the wells in the area show that they are producing gas from the Queen Formation. The wells were originally classified in the Penrose-Skelly Pool, and are presently classified as Penrose-Skelly oil wells.

The vertical limits of the Skelly-Penrose Pool, as defined by the Commission, are the Queen and the Grayburg. The Eumont Pool produces from the Yates, Seven Rivers and Queen, as defined by the Commission. It is evident that if the area advertised is incorporated into the Eumont Pool, then the net result would be the overlapping of two pools, that is the Eumont and the Penrose-Skelly. If this is done, then one solution might be to delete the Queen from the Penrose-Skelly Pool, as advertised in that area. This could be done on a temporary basis until such time as the Eumont Pool and its problems are resolved.

Q Do you have an exhibit?

A I introduced an exhibit, I believe, last month.

MR. REIDER: We will offer the exhibit introduced last month.

Q Do you have anything further to submit at this time?

A No, sir.

MR. MACEY: I think the exhibit was admitted. In the event it was not offered, the record will show.

MR. REIDER: We would offer in evidence Exhibit 1.

MR. MACEY: The exhibit will be received.

MR. REIDER: No further questions.

MR. MACEY: Any questions of the witness?

MR. NESTOR: Mr. Nestor, for Shell Oil Company.

CROSS EXAMINATION

By MR. NESTOR:

Q Mr. Stanley, do you feel there is adequate proof of connection between the Queen reservoir in the area in question and the Queen gas reservoir, and the Eumont?

A Yes, sir, I do. I believe that the Queen reservoir extends to Grand Falls, Texas, some eighty miles south.

Q Do you think it is completely connected?

A Yes, sir.

Q You then recognize the complications of further tying together these oil and gas pools in this particular vicinity?

A I believe they are all interconnected.

Q It is your feeling, if I understand your recommendation correctly, that pending settlement of the complication now existing in the currently defined Eumont gas area, that it might be advantageous to postpone actual addition to this area, to that presently constituted? Do I understand you correctly?

A Yes, sir, I want to do this on a temporary basis. If we could possibly postpone this case and still allow M. B. Hunt the right to produce into a pipeline, I would agree to that. I have only recommended a temporary order, because I feel that after the conclusion of the study of the Eumont Pool, it may be necessary to

delete this particular area. My only recommendation is to put M. B. Hunt in such a position, or in such a pool whereby he will be capable or be enabled to obtain his gas allowable.

MR. NESTOR: No further questions.

MR. MACEY: Does anyone else have any questions of the witness? Mr. Stanley, if we could reach some agreement with M. B. Hunt, whereby his wells would be, so-called, limited in their production to approximately what the Eumont gas allowable would be, without extending the area, we would probably be on a little better ground?

A Yes, sir, I believe so. The complication in this particular problem, that in order to extend the Eumont Pool, we have to incorporate an area whereby the operators have completed their wells in good faith and in my classification, certain wells, and studies of the files in the Commission Office, I have found in this particular area there are wells that are producing both from the Queen and Grayburg. It would complicate the area. Therefore, any plan to allow M. B. Hunt to obtain his allowable would be fine, regardless of whether we extend the pool or not.

MR. MACEY: Mr. Nestor, I take it from your questions that you felt that we might be complicating things unduly, if we proceeded along the lines of the application. Do you think it would be proper procedure to allow M. B. Hunt to go ahead and produce the wells as gas wells, providing they didn't pull the wells too much?

A Yes.

MR. NESTOR: We have no particular objection to that. That is really not a part of the problem that concerns us.

MR. MACEY: It is not the production, it is that we would be complicating the Eumont problem?

MR. NESTOR: That is right.

MR. MACEY: We will take the case under advisement, with the idea in mind of dismissing the case if some arrangement can be made with Hunt to produce his wells on an equitable basis.

(Witness excused.)

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

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 1st day of June, 1955.

Ada Dearnley

Notary Public, Court Reporter

My Commission Expires:
June 19, 1955