

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF HEARING
Case No. 326

November 20, 1951

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

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In Re:

In the Matter of the application of)
Phillips Petroleum Company for order)
establishing an unorthodox gas unit)
for its C. D. Woolworth Group 3 Well)
No. 1, SWSW 6-25S-37E, in the Cooper-)
Jal pool; and for establishment, as a)
producing unit, lands in SW NW, NW SW,)
and S.2 S/2 6-25S-37E, Lea County, in)
exception to provisions of Rule 104.)

Case No. 326

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(Notice of publication read by Mr. Kellahin.)

MR. FOSTER: May it please the Commissioner, this is probably an unusual case.

CHAIRMAN SPURRIER: That wouldn't be unusual for Phillips, would it?

MR. FOSTER: Not particularly. We just got a little mess on our hands and we are going to call it to your attention to see if we can't get it straightened out. If a statement from me will suffice, I will make a statement. If you want some sworn testimony, I will put on my witness here.

Phillips Petroleum owns an oil and gas lease that covers 320 acres located in Section 6, Township 25 South, Range 37 East, Lea County, New Mexico. The description of that lease is the SW/4 of the NW/4. The NW/4 of the SE/4 and the SW/4 of the SE/4 and the NE/4 of the SE/4 and the SE/4 of the NE/4. There are three wells located on that 320 acres. Wells No. 1, 2 and 3. Wells No. 2 and 3 are oil wells and declared on the proration schedule as oil wells. Well No. 1, which is located in the SW/4 of the SW/4 was originally an oil well but was later reconditioned and completed as a gas well. It is still carried on the oil proration schedule as an oil well and given an allowable of eight barrels of oil a day. How that happened I don't know, and I didn't know that until this morning. I went in there and looked it up and that is the way I found it. I don't take any responsibility for that. The El Paso Natural Gas Company is buying

the gas from that well. They have got a system of gas proration all their own since the Commission doesn't have any as I understand it. They take on a unit allowable of 160 acre units and take up to 25 percent of the overflow potential of the well on that unit. Then, if you have a unit less than that they prorate you in proration that your unit bears to the 160 acres which gets you down to a 40-acre unit. They just take one-fourth as much gas from us as they take from the Western Natural Gas Company, who also has a well in that section. What we want to do is to get this well off the schedule and then we will proceed to wrestle it out with the El Paso Natural and see if we can't get to take it ratably, and if we can't discuss our matters in a peaceable manner we will be back here.

MR. WHITE: How many years has it been since the well produced any oil?

MR. FOSTER: It hasn't produced any oil since January, 1947. It looks like you could take it off the schedule and give it 240 acres or 160 acres on gas deal and then we will take it up with El Paso Natural.

CHAIRMAN SPURRIER: Your request is then that it be taken off the proration schedule for oil?

MR. FOSTER: Yes, probably the formal application we have in here doesn't have any basis. I had to have something to get before the Commission on and so we put it that way. If you wanted to do what you ought to do I suppose you just deny the application and then take it off the oil schedule, but I

want some sort of a record on it that is why I am here.

CHAIRMAN SPURRIER: The Commission will accept your statement and recognize its own record. We do not request any expert testimony unless you care to put it on.

MR. BROWN: No, I don't care to put it on. I have already told you what it is about.

CHAIRMAN SPURRIER: Does anyone have a comment or question on this case? Has the El Paso Company been served in this case?

MR. WHITE: No, not by registered letter, only by publication.

MR. DALEY: Continental. I would like to ask one question. On that well, that well is a direct offset to some of the acres we drill down there.

MR. FOSTER: You mean Western in Section 7?

MR. DALEY: The other side section 1. I suppose we could find out the present pay horizon from your office at Hobbs?

MR. FOSTER: Yes, you can.

CHAIRMAN SPURRIER: That is Continental Oil Company.

MR. FOSTER: Yes, sir. I have got a plat, I might give you it for the record. I think the rule requires it to be drawn to scale, and it is wrong too.

(Marked Exhibit Number One in Case 326.)

CHAIRMAN SPURRIER: You wish to introduce this as an exhibit?

MR. FOSTER: Yes.

CHAIRMAN SPURRIER: Without objection, it will be accepted. If no one has any further questions or comment we will take the case under advisement and proceed to Case 327.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I HEREBY CERTIFY that the foregoing and attached Transcript of Proceedings in Case No. 326, before the Oil Conservation Commission, taken on November 20, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico,
1951.

REPORTER