

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
at
Santa Fe, New Mexico
December 17, 1953

-----)
In the Matter of:)

Application of Commission on its own motion)
for order leading to allocation of oil and)
the classification of previously designated)
pools in San Juan, Rio Arriba, McKinley and)
Sandoval Counties, New Mexico.)
-----)

Case No. 607

(Notice of Publication read by Mr. Graham)

MR. TOWNSEND: I am Jim Townsend, with Stanolind. We have
some evidence to present to the Commission, with reference to the
Hogback-Dakota Field, if it is in order at this time.

ROBERT G. HILTZ

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. TOWNSEND:

Q Please state your name.

A Robert G. Hiltz.

Q By whom are you employed, Mr. Hiltz?

A Stanolind Oil and Gas Company.

Q In what capacity?

A I am a proration engineer in the Stanolind's north Texas,
New Mexico division in Fort Worth, Texas.

Q You previously have been qualified to testify before this
Commission?

A Yes, sir, I have.

MR. TOWNSEND: Are his qualifications acceptable to the Commission?

MR. SPURRIER: They are.

Q Mr. Hiltz, do you understand the present method of allocation of oil for the area covered under Case No. 607?

A Yes, it is my understanding at this time there is no actual formal proration of oil in the area effected; that the fields are permitted to produce essentially without restriction.

Q Do you understand the method of allocation proposed under this case for the effected area under the proposal that is made by the Commission?

A Yes, it is my understanding that the application of the state-wide allocation formula, the individual well allowables would be assigned.

Q Does Stanolind have any oil producing operations in the area effected?

A Yes, they have oil producing operations in the Hogback-Dakota Field in San Juan County.

Q Is that the only area where Stanolind has operations?

A That is the only field in that area in which Stanolind has oil production.

Q How many operators are there producing oil from the Hogback-Dakota Field?

A There is only one operator and that is Stanolind Oil and Gas Company.

Q How many royalties owners are involved under the present

producing operations?

A There is only one royalty interest involved, and that is the United States Government.

Q All Federal leases?

A That is correct.

Q Is there at this time any indication that there will be an extension of the field limits to include acreage owned by other operators?

A No, there is no indication that such extension will occur.

Q Then there is no question of correlative rights involved in the Hogback-Dakota Field?

A No, sir, with just one interest owner and one royalty, and with no further extensions of the field, there is no question of correlative rights in this field.

Q For the benefit of the Commission could you give a brief resume of the Hogback-Dakota Field?

A Well, very briefly, the Hogback Field is located in San Juan County, in Sections 18 and 19 of Township 29 North, Range 16 West. The discovery well in this field was drilled by the old Midwest Refining Company and was completed on September 25, 1922, flowing 375 barrels of oil per day from the Dakota Sand at 796 feet. Subsequent to that time, in the period from 1922 to 1925, 14 additional wells were drilled, of which 7 were producing wells. The majority of those wells were drilled by the Midwest Refining Company and all of the producing wells were owned and operated by Midwest. These properties were acquired by Stanolind in approximately 1930. Subsequent to that time only one additional well has been drilled and

that was early this year, inside the indicated field limits. That was drilled by Stanolind. At present there are eight producing wells. This field is obvious to us to be a very active water drive field, and all the wells are still flowing after 31 years of production. The field, however, is in the advance stage of depletion, being 75 to 80 percent depleted at this time. It comprises only approximately 200 producing acres as indicated to date. In view of the fact that at the time the development in this field took place there was no effective proration in the state the wells were drilled on a very irregular pattern. It was learned through development of the field that there were two faults cutting through the northern half of the field, and the operators in order to take maximum advantage of the structural position and to take into consideration the effect that faulting would have on production from the field, the resulting spacing and development pattern in the field is highly irregular.

Q What is the present average total production from the producing wells in the field today?

A The average production over the past three months has been approximately 215 barrels per day.

Q Is the field capable of producing at a rate in excess of that rate of production?

A Yes, being a very active water drive field it is capable of producing in excess of that rate.

Q Since there has been, up to this time, no restriction on production why has the field not been produced at a rate in excess of that?

A Well, based on our analysis of the performance history over the period of 31 years the present producing rate is indicated to be the optimum producing rate for the field. This being an active water drive field and that optimum producing rate we fell will prevent waste and assure our getting the maximum, ultimate recovery from the field.

Q What would the total allowable assigned to the field be if the state allocate - -

A For wells of that depth the present basic allowable is 40 barrels If it is assumed that each well were an assigned 40 barrels it would be 320 at this time.

Q That would be 100 barrels in excess of what experience has shown to be the optimum producing rate of the field?

A Yes, that is correct.

Q In your opinion will the present producing method from the Hogback-Dakota Field result in the maximum, ultimate recovery from that field?

A Yes, it will.

Q Based upon your testimony, then, have/ ^{you} a recommendation to make to the Commission, with reference to Hogback-Dakato Field?

A Yes, in light of the fact, as we have previously brought out, it is my recommendation that the Hogback-Dakota Field be allowed to continue producing as it has in the past, and that the statewide allocation formula not be applied to individual wells. In event, however, the Commission decides to apply the statewide allocation formula, it is my recommendation that the Hogback-Dakota Field be assigned its proportionate part of the oil allocated to the northwestern

part of the state, but that the total allocation to the Hogback-Dakota Field be on the field-wide basis without reference to the individual well allowables.

Q Do you have any further information to add?

A No, sir, I do not.

MR. TOWNSEND: That is all we have at this time.

MR. SPURRIER: Does anyone have a question of the witness?

If not the witness may be excused.

(Witness excused)

MR. SPURRIER: We will take a five minute recess.

(Recess)

MR. SPURRIER: The meeting will come to order. Mr. Stanley has a correction to make in the oil allowable record.

MR. STANLEY: I made a statement that production was curtailed during a certain period in New Mexico, and also domestically, and that this curtailment was due to pipeline strike. I wish to correct that to read refinery strike.

MR. SPURRIER: We will continue with Case 607. I think we had better take them by pool. The next pool is Bloomfield-Farmington. Does anyone have any testimony to offer on that pool?

MR. MACY: I think we ought to let the record show that the Commission's records do not reflect any production from that pool.

MR. SPURRIER: Hospah; Lindrith-Dakota; Oswell-Farmington; South Blanco-Tocito - -

MR. KELLAHIN: Mr. Kellehin, representing Lowry Oil Company. We would like to present some testimony with the prorating of oil in the south Blanco-Tocito Pool. I want to call two witnesses. I

would like to call Mr. Anderson. Before we start the questioning I would like to make a brief statement in connection with this case. As the Commission will recall, considerable testimony has been presented to the Commission in the past in regard to the South Blanco-Tocito Pool. The Commission's records are rather complete as to production and the formation and the characterizations, and practically all the information that is available to the operator has heretofore been presented to the Commission in Cases No. 537 and 555. Rather than burden the record at this time with any repetition of that testimony we request that the Commission take notice of the records and exhibits that we previously introduced in those two cases. It is our desire this morning to supplement that information for the benefit of the Commission so that they will have a complete and up to date picture of the south Blanco-Tocito Pool. We are appearing also in compliance with the order that was entered by the Commission in Case 555, Order Number R-349, which provided that in the event of proration of oil production in the South Blanco-Tocito Pool, Rio Arriba County, New Mexico, the operator shall submit to the Commission a plan for operation, together with a plan which will, insofar as possible, take care of Blanco-Tocito division, which may arise as a result of the proration of production in the pool. As the Commission knows, this pool is now under a pressure maintenance program by water flooding, and it is our feeling that special consideration should be given to the South Blanco-Tocito Pool, because of the efforts of two operators in the efforts of conservation in connection with this water flooding program. I would like to call Mr. Anderson, please.

ROBERT ANDERSON

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KELLAHIN:

Q State your name, please.

A Robert Anderson.

Q By whom are you employed, Mr. Anderson?

A Malco Refineries, Incorporated.

Q What is your position with Malco?

A President.

Q In your position as president of Malco Refineries, Mr. Anderson, are you familiar with the market requirements of the South Blanco-Tocito Pool?

A Yes.

Q Do you purchase all of the oil from that pool?

A Yes.

Q Would you state briefly to the Commission what your market demand is on the South Blanco-Tocito Pool?

A The market demand for the month of December from the South Blanco-Tocito Field is 1100 barrels per day, approximately 1100 barrels.

Q Do you anticipate any change in that in the future, Mr. Anderson?

A At the present time our market demand is limited by seasonal decline in gasoline purchases in northern New Mexico and we expect to have a marked increase in our demand the second quarter of 1954 when the tourist trade starts to move across the country again.

Q You consider the present market demand as a seasonal condition and not a permanent one?

A Yes.

Q Where do you find it desirable to purchase oil - - you have a refinery at Pruett?

A Yes.

Q Where do you find it more desirable to purchase your oil?

A Of course we prefer to purchase oil that is adjacent and connected to our pipeline and Hoshah and South Blanco-Tocito.

Q Is that connected with your pipeline, that field?

A Yes.

Q And you find it more economical to purchase in that manner?

A Yes.

MR. KELLAHIN: I believe that is all.

MR. SPURRIER: Are there any questions of the witness? If not the witness may be excused.

MR. ANDERSON: If the Commission would like I would be glad to make a few general remarks on that.

MR. SPURRIER: Go right ahead.

MR. ANDERSON: We are the principal purchaser in the San Juan Field area and as a practical matter there are very few wells that would be effected by the application of state-wide proration order. The principle area that would be effected is the South Blanco-Tocito Field, which has the bulk of wells capable of producing any appreciable quantities of oil. The only exemptions are the well that Magnolia has completed in Entrada, and the second well they are now completing, which looks like it will be capable of producing considerable quantities, the well that Southern Union has completed ten miles east of the Tocito area. Those are the only properties that we feel would be effected at all. The other wells

are producing well under what would be any regulatory level and we look to those wells to take care of our seasonal increases or decreases in demand. During the last year we have taken as high as 200 barrels per well from the Tocito Wells, and at the present time are taking under 100, which is less than the state-wide order would permit. We personally have no objection at all to the application of the state-wide order with the one qualification that in the event market demand or development in the area becomes such that it is inconsistent with the state-wide order we would like to be able to reopen it. Whether that would be in the spring or if it ever occurs it is hard to say, but we certainly would like to ask the Commission to keep an open mind at a later date in the event we have to approach for a higher allowable than the state-wide order would permit.

Q Would curtailment of production below your market demand seriously effect your operations there?

A Yes, it would because we have no alternate source of supply whatsoever.

MR. KELLAHIN: That is all.

MR. SPURRIER: The witness is excused.

(Witness excused)

A. F. HOLLAND

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. KELLEHIN:

Q Will you state your name, please?

A My name is A. F. Holland.

Q By whom are you employed?

A I am employed by the Lowry Oil Company.

Q What is your position?

A I am petroleum engineer, with Lowry.

Q Have you testified before this Commission previously and qualified as an expert?

A Yes.

MR. KELLAHIN: Are his qualifications acceptable?

MR. SPURRIER: They are.

Q Mr. Holland, in connection with the proposed proration of oil in the northwest area, including the South Blanco-Tocito Pool, have you made a study of completions in the South Blanco-Tocito Pools?

A I have, for this and past hearings.

Q Have you prepared any Exhibits in connection with that study?

A Yes, we have data to supplement the data that has previously been furnished the Commission to bring the field performance records and the field characterizations information up to date.

Q Have you a plat showing the South Blanco-Tocito Pool, Mr. Holland?

A I have a plat we would like to introduce as an Exhibit, showing the present producing wells of the South Blanco-Tocito Pool - -

MR. KELLAHIN: Will you mark that as an Exhibit?

A (Continuing) - - and the present limits of the pool as defined by the New Mexico Conservation Commission.

(Lowry Oil Company's Exhibit A
Marked for Identification)

Q Referring to what has been marked as Exhibit A, Mr. Holland, would you state what the broken line there set out on that Exhibit shows?

A That line indicates the present pool limits of the South Blanco-Tocito Pool as defined by the New Mexico Oil Conservation Commission.

Q What is the colored area on that Exhibit?

A The area colored in yellow represents the area operated by Lowry and Associates, operating agent.

Q The area in white, is that operated by other operators?

A That is correct.

Q Does that Exhibit show the location of Tocito Wells, and how are they designated?

A That plat shows all of the wells that have been drilled in the area. The Tocito wells are numbered, the other wells are not. All of the Tocito Wells are oil wells, with the exception of one well. So, those wells can be determined in that manner, can be identified.

Q Anything else you want to add to that, Mr. Holland?

A I have nothing further on it.

Q Have you prepared a structural contour map showing the top of the Tocito formation?

A I have a plat we would like to introduce as an Exhibit.

(Lowry Oil Company's Exhibit B, Case 407,
Marked for Identification)

A Exhibit B is a contour map on the top of the Tocito Sandstone for the South Blanco-Tocito Pool. In addition to the contours the estimated gas-oil contact for the pool is indicated thereon.

Q How is it indicated, Mr. Holland?

A It coincides with the minus one hundred ten foot contour line, and is so labeled. The drilling of the Lowry T-123 Well in the northeast quarter of Section 7 confirmed the presence of a gas cap for the South Blanco-Tocito Pool. Based on information from that well the estimated gas-oil contact has been predicted.

Q Have you any well logs in addition to those previously submitted to the Commission?

A We have copies of electrical logs as conducted by the Schlumberger people, which are both electrical log surveys and mycro-log surveys for the wells that have been completed since the previous hearings before the Commission that you elaborated to preface this hearing. I would like to introduce those as Exhibit C.

(Lowry Oil Company's Exhibit C
Marked for Identification)

Q Do those logs show the sand to be - -

A The wells that have been drilled have encountered the same sand conditions that were presented at previous hearings. This is confirmed by the electrical log information.

Q Do you have any corresponding information to submit?

A In addition to the corresponding information submitted at previous hearings we have corresponding analysis of three additional wells. They are the Lowry Well D-39, the Lowry Well T-123 and the Lowry Well T-125. I would like to introduce these corresponding analysis reports as Exhibits D, E and F.

(Lowry Oil Company's Exhibits D,
E and F Marked for Identification)

A These Exhibits are being presented to verify that the sand

conditions and reservoir characteristics are virtually the same as presented in previous hearings before the Conservation Commission.

Q Have you prepared a factual data report covering recent operations, Mr. Holland?

A I have a factual data report that I would like to introduce as Exhibit G, I believe.

(Lowry Oil Company's Exhibit G
Marked for Identification)

A This contains the test data, the production records and other related matters for the Lowry operated wells of the South Blanco-Tocito Pool.

Q What period does that cover?

A It covers the period from May the first, 1953 through November 30, 1953.

Q Does that cover only the Lowry operated wells?

A Virtually, yes. It includes bottom hole pressure data on one of the Johnson Oil and Gas Company wells, and one production total which includes production through, I believe, October 7, 1953, for all of the wells of the pool. But essentially it covers information only on Lowry operated wells.

Q Is that Exhibit designed to supplement previous Exhibits submitted to the Commission in Cases 537 and 555?

A In those cases/^afactual data report was submitted, and this report supplements those and brings the information to date through November 30th of this year.

Q Would you state briefly to the Commission what the Exhibit shows?

A The first thing that it shows is the oil and gas production

values for the Lowry wells through November 30, 1953. The production from these wells in total was 781,112 barrels. That was from 12 different wells. Since the last factual data report was presented a pressure maintenance project has been commenced in the field by Lowry operating agent, and water injection has been proceeding since October 7, 1953, in one well. That is the Lowry T-134 Well. Through December 11, 1953 72,834 barrels of water have been injected into this well. The current injection rate approximates 1500 barrels of water per day. The next feature of the data report shows the production values by months for the Lowry wells of the South Blanco-Tocito Pool. In addition there is a production graph showing graphically the field performance as to daily oil production values, daily gas production values and bottom hole pressure performance, number of producing wells in the field and other matters. The next feature of the report is the analysis of the bottom hole pressure tests that have been taken for wells of the south Blanco-Tocito Field. These tests have been conducted on a field wide basis for the Lowry Wells, each three months. Included in this report are the results of the last two pressure surveys which were conducted during August and during October, 1953. Maps used to determine these pressures are also presented in the report. The next feature of the report shows the gas-oil ratio tests and production tests have been taken for the Lowry Wells of this pool, since the day of the last hearing. As the Commission can see, testing has been at rather frequent intervals. One thing I would like to point out in this information is the gas-oil ratio performance for some wells offsetting the water injection well of the pool. Of special interest is the performance

of well T-157 wherein the gas-oil ratio has dropped from approximately 1500 cubic feet per barrel to roughly 800 cubic feet per barrel of gas. There has been a marked reduction in the producing gas-oil ratio of that well.

Q Do you attribute that to your water flooding program?

A Yes. The production rate has changed somewhat but this decrease is believed to be associated with the water program, water injection program. Another well is the T-109. There has been a marked decrease in the ratio of that well. We note that decrease has been within the past ten days and we need to check the well further, but if that test is correct the ratio has decreased a great deal. Some of the other wells, for instance the T-132, the ratio has dropped possibly 200 cubic feet per barrel. Those three wells are believed to be flushed at the present time by the pressure maintenance program and this decrease in producing gas-oil ratio means that less reservoir energy is being consumed in producing oil from the pool than before such a program was commenced. The next feature of the report is the well information which contains the statistical information on the four wells drilled by Lowry that penetrated the Tocito Formation since the date of the previous hearings. The next feature is the corresponding record showing the results of coring operations conducted since the previous hearings, and the last feature is a record of the drill stem test results for the Lowry wells since the date of the previous hearings.

Q Do you have any oil production figures by wells?

(Lowry Oil Company's Exhibit H
Marked for Identification)

A The South Blanco - - first I would like to introduce the oil

production by wells for the Lowry operated wells of the South Blanco-Tocito Pool for the three months September through November, 1953. The wells of the South Blanco-Tocito Pool have not heretofore been prorated by the Conservation Commission and this Exhibit is intended to show the rate at which the wells operated by Lowry have been produced. In summary, some 11 producing wells have been producing 1100 barrels per day. There is a variance in the production rate of some of the wells, part of that is as a result of the wells being of a marginal nature and part of it, three wells especially, T-177, T-182 and T-207 have been curtailed in order to conserve gas. Their ratios are above the two-thousand-to-one limit and those wells have been curtailed for that reason.

Q Does that Exhibit also show your input well?

A It is listed. It had no production during those three months. It was converted to a water injection well on October 7, 1953, and the last production from the well was during August, 1953. It stopped producing because of the conversion.

Q Have you prepared an Exhibit showing reservoir voidage analysis as a result of your water injection program?

A I have, I would like to introduce it as Exhibit I.

(Lowry Oil Company's Exhibit I
Marked for Identification)

A This Exhibit is intended to show the Commission the work that is being done, or the energy that is being restored to the reservoir by the South Blanco-Tocito pressure maintenance program. The information reflects that the injection of one barrel of water is the equivalent of restoring 726 cubic feet of gas to the reservoir.

For the month of November, 1953, the production from the Lowry properties average 1118 barrels of oil per day. In terms of reservoir energy or space voidage. The voidage amounted to 2803 barrels per day. The amount of water injected averaged 1387 barrels per day, leaving a net voidage for the Lowry properties of 1416 barrels per day. In summary, it virtually means that half of the energy occurring by oil production from Lowry properties is being restored at the present time to the reservoir.

Q Have you prepared some data showing the effect of production without regard to the gas-oil ratios and with regard to them?

A An Exhibit has been prepared to attempt to show the Commission.

(Lowry Oil Company's Exhibit J
Marked for Identification)

A Let me add these remarks, that as the hearing proceeds the Lowry individually request that some flexibility, some latitude be granted by the Commission in the operation and production of the Lowry Wells. This request is being made in order to best take advantage of the pressure maintenance program in the field and to best operate those properties. Exhibit J, which I would like to introduce, analysis producing rates for the three high gas-oil ratio units operated by Lowry. It shows the production values with no gas-oil ratio limitation based on current statewide allowable figures, and with the gas-oil ratio limitation. By producing without such a limitation the production in excess to that, which it would be, allowed amounts to 144 barrels per day of oil production and some 198 MCF per day of gas production. At the present injection rate of 1500 barrels of water per day the energy restored to the reservoir

exceeds such a difference in reservoir voidage by some 350 barrels. So, for that reason, if the field is prorated we would like to receive some credit for the conservation program that we have instituted for the field.

Q As a matter of fact you have not produced those wells without regard to the gas-oil ratio, have you?

A We have not. The production figures that were introduced as one of the Exhibits show that.

Q This Exhibit is designed to show the effect only if you did so produce them?

A That is correct.

Q Do you have any recommendation of the proposed plan of allocation of production in the South Blanco-Tocito Pool?

A I have, and I would like to introduce it as Exhibit K.

(Lowry Oil Company's Exhibit K
Marked for Identification)

Q Would you discuss briefly the effect of that proposed plan?

A In the operation of a project such as this some flexibility in the program is necessary both in the interest of the operator and the interest of the Conservation Commission. The proposed plan is patterned along the statewide features. It essentially divides the area into wells associated with the pressure maintenance project which are all Lowry operated wells, and another area consisting of operators other than Lowry in the pool, and wells of Lowry that offset such operators. For the wells not associated with the project the plan proposes that they be prorated in accordance with the New Mexico statewide allowable program. For the wells that are

associated with the pressure maintenance project the pattern is the same except that allowance is made for high gas-oil ratio proration units, that because of such a program the wells are not penalized. It makes allowance for wells which are converted to water injection purposes that oil can be produced from some other proration units, and it makes allowance for future conditions whereby proration units will be abandoned because of water encroachment. It sets up somewhat of an area allowable, allowing the operator, in the interest of good reservoir management, to produce the area in accordance with best production practices for such a program and in the interest of ultimate oil recovery and conservation. This proposed plan we would request would be of a temporary nature, possibly three months. It would be associated with the present market demand of the field. It would approximately conform to that, possibly 100 or 200 barrels higher, but in general it does conform to that situation.

Q In connection with the operation of that plan do you think it would be necessary for any tests to be made?

A As this program proceeds, providing it proves to be a satisfactory and feasible program, a number of proration problems will arise before the Commission. There are different operators in the pool. At some future date it might be possible to communitize. That is merely conjecture. For that reason we believe that the Conservation Commission conduct special tests in the pool, to establish records on the wells so that such records can be used in the proration of the pool.

Q Is there anything you would care to add to that, Mr. Holland?

A I believe not, except that I would like to again request that

such a plan be of a temporary nature, and that as far as the Lowry interests are concerned, that if such a request is granted, three months or whatever the period might be, that we will again appear before the Commission showing the performance of such wells and what the production practice has been.

Q Does that recommendation also coincide with the recommendation as made by Mr. Anderson as to market demand?

A In general, yes. One thing I would like to add to delineate an area, which would be termed associated with the repression project, and in general, it is the area to the east of the mid-point of a line through the center of Section 5, 8 and 17, such a line running north and south, these Sections located in Township 26 North, Range 6 West, Rio Arriba County, New Mexico.

Q Would that exclude the wells immediately offsetting those operated by Johnson Oil Company?

A Yes, that is correct.

MR. KELLAHIN: That is all I have. At this time I would like to move the admission of Exhibits A through K, inclusive.

MR. SPURRIER: Without objection they will be admitted.

MR. JOHNSTON: A very good report and very exhaustive, we are all friends, but I am Dan Johnston, with Johnston Oil and Gas, we own offset production both royalty and as operators. I would much rather that our engineers brush through a little bit, I am not saying it isn't a good report. Also there might be some things that I would be subject to criticism to allow if I am here. With your indulgence I would like to ask the friend of Lowry's to continue this hearing, if possible.

MR. KELLEHIN: We have no desire to continue the hearing. The notice was published, if Mr. Johnston has anything to offer we would be happy to hear it. If he wants to examine the records they are certainly available to him. If any steps are going to be taken in this connection I think we ought to go ahead with it.

MR. SPURRIER: Anyone have a question of the witness?

MR. GRAHAM: With reference to the boundaries of the pool, do they feel, as they now exist, they cover the reservoir?

A I believe there are three wells outside the present limits as defined by the Commission. The Johnston Oil and Gas Company has three producing oil wells and the Lowry interests have one well, which is a gas well.

MR. GRAHAM: They are all in the same producing zones?

A They are all in the same producing zones.

MR. GRAHAM: That is all.

MR. KELLAHIN: If the Commission please, I would like to withdraw my objection to any continuance, we have no objection to continuance of the case as requested by Mr. Johnston. However, we do feel it essential in order that a full picture be available, and that progress won't be delayed, that the well tests we have requested proceed and if the Commission sees fit to do so, why, we have no objection to continuance.

MR. SPURRIER: Do you have anything further?

MR. KELLEHIN: Nothing further.

MR. SPURRIER: Any questions of this witness? If not the witness may be excused. Mr. Johnston, in answer to your motion, we will take the case under advisement and if you have any comments

or any suggestions on the case we will wait until we hear from you.

MR. JOHNSTON: I will not hold the Lowry interest up in any way. It is just like I say, I would like to have a short time. The water flooding and various other aspects of the whole field, and there are some of the things we haven't gone into.

MR. SPURRIER: You realize, of course, that you could file an objection at the next hearing if you care to do so. Does anyone have anything further in this case? If not, we will take the case under advisement. We will take a short recess.

(Recess)

MR. SPURRIER: The next pool in this case is the Rattlesnake-Dakota; Rattlesnake-Pennsylvanian; Red Mountain-Mesaverde; Stoney Butte-Dakota; Table Mesa-Dakota; Table Mesa-Mississippian; Wyper-Farmington. It is understood these pools will be put under the statewide allocation or some variation. This might be a good time to put you on notice that any pool brought in in the future will automatically go into the statewide system unless the Commission determines differently after due notice and hearing.

We will take the case under advisement and move onto the consideration of the allowable production of gas from the nine designated pools in the southern New Mexico.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 607 before the Gil Conservation Commission, State of New Mexico, at Santa Fe, on December 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 2 day of January, 1953.


COURT REPORTER