

BEFORE THE

Oil Conservation Commission

SANTA FE, NEW MEXICO

April 20, 1955

IN THE MATTER OF:

CASE NO. 875 - Regular Hearing

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

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ALBUQUERQUE, NEW MEXICO

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 20, 1955

IN THE MATTER OF:)
)

Application of Sinclair Oil and Gas Company)
for approval of a 280-acre non-standard gas)
proration unit in the Eumont Gas Pool: E/2)
E/2 Section 7 and W/2 NW/4, NW/4 SW/4)
Section 8, Township 20 South, Range 37 East)
Lea County, New Mexico, for assignment to)
its B. J. Barber Well No. 7, SW/4 NW/4 of)
said Section 8.)

Case No. 875

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 875.

MR. HARBIN: M. A. Harbin, appearing for Sinclair Oil and Gas Company in Case 875. If the Commission please, this is an application of Sinclair Oil and Gas Company for approval of a 280-acre non-standard gas proration unit in the Eumont Gas Pool. It is proposed to unitize the east half of the east half of Section 7, west half of northwest quarter and the northwest quarter of the southwest quarter of Section 8, Township 20 South, Range 37 East, Lea County, New Mexico, for assignment to its B. J. Barber Well No. 7, which is in the southwest quarter of the northwest quarter of Section 8. That application was also later amended to include the southwest quarter of the southwest quarter of Section 8, making a

320-acre unit.

R I C H A R D M. A N D E R S O N ,

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

DIRECT EXAMINATION

By MR. HARBIN:

Q What is your name, please?

A Richard M. Anderson.

Q By whom are you employed, Mr. Anderson?

A Sinclair Oil and Gas Company.

Q In what capacity?

A Senior Engineer.

Q Have you testified before this Commission before?

A I have not.

Q Where did you go to school, Mr. Anderson?

A Carnegie Institute of Technology in Pittsburg, Pennsylvania.

Q Did you graduate with an engineering degree from that institution?

A Yes, I did, in June of 1948.

Q What experience have you had in the petroleum engineering and in the gas business since your graduation from school?

A I was hired immediately upon graduation in June of 1948 by Stanolind Oil and Gas Company as a Junior Petroleum Engineer. I reported at that time to their North Cowden Office, which is about 20 miles north of Odessa, and I worked in that capacity for two years. At the end of that time I made another connection with Sub-surface Engineering Company as a District Manager of their operations in West Texas and New Mexico. I was in charge of all

types of engineering, field testing, the calculation of that work and the responsibility for the reporting of the work, for three years. At the end of that time I was transferred by that company to Corpus Christi and I performed a similar function in that location for one year. At that time, which was ten months ago, I came to work in my present capacity for the Sinclair Oil and Gas Company.

Q Have you had occasion to do any work in New Mexico?

A I have closely followed all of the work that pertained to New Mexico during that period.

Q Are you a registered petroleum engineer in the State of Texas?

A I am.

MR. HARBIN: Will the Commission accept his qualifications?

MR. MACEY: Yes, they will.

Q Mr. Anderson, what lease is involved in this application?

A Sinclair's Bertha J. Barber Lease.

Q Have you made a plat of the lease and the acreage which you propose to unitize with the Barber Well No. 7?

A I have.

Q Will you let me have it, please?

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

Q Will you explain, please, how the acreage which you propose to allocate to Barber Well No. 7 is indicated on the plat which has been marked Exhibit 1?

A All of the Sinclair Oil and Gas Company leases in this vicinity are colored yellow on the exhibit.

Q Where is Barber Well No. 7 located?

A It is located in Section 8 and is located 330 feet from the east line and 1650 feet from the north line of the hundred and twenty acre portion of the lease that exists in Section 8 as shown on this plat.

Q The well is located in the west half of the northwest quarter of Section 8, is it not?

A That is correct.

Q You gave the distances from the line?

A Yes, sir.

Q You propose to allocate that well the east half of the east half of Section 7, is that correct?

A That is correct.

Q And the northwest quarter of the southwest quarter of Section 8?

A That is correct.

Q And the southwest quarter of the southwest quarter of Section 8?

A Yes, sir.

Q And will you state whether or not the mineral ownership of the west half of the northwest quarter, the east half of the east half of Section 7 and the northwest quarter of the southwest quarter of Section 8 is common ownership?

A It is.

Q And Sinclair Oil and Gas Company owns the oil and gas lease on that portion?

A Yes.

Q And the same royalty owner?

A Yes.

Q As to the southwest quarter of the southwest quarter of

Section 8, who owns the lease on that?

A Stanolind is the operator of that lease and --

Q What negotiations have you carried on in reference to unitizing the 40-acre Stanolind lease?

A We have reached an agreement with Stanolind as to unitizing the hundred and sixty acres which composes the west half of the west half of Section 8. The agreement was in the process of being executed at the time that it became apparent that the hundred sixty acres of our Barber Lease located in Section 7 might reasonably be allowed to be included in the acreage dedicated to Well No. 7. At that time Stanolind was contacted and they agreed to the larger unit, and the unitization which is actually in its final stage is ready to proceed upon approval of this application by this Commission.

Q The instruments creating that unitization with Stanolind are being circulated, aren't they?

A It is my understanding that they are.

Q Will you state the names of the adjoining mineral owners?

A The mineral owners having contiguous acreage adjoining our proposed 320-acre unit are the Amerada Petroleum Corporation, Anderson Pritchard Oil Corporation, Continental Oil Company, Gulf Oil Corporation, and, of course, Stanolind Oil and Gas Company who is to be included.

Q Have those owners been notified of this application and hearing?

A They have.

Q Have you received any objections from anyone?

A No, sir, I haven't.

Q This unit which you propose, what is the length of that unit,

5,280 feet?

A 5,280 feet.

Q What is the width?

A 2,640 feet.

Q It composes 320 acres?

A Yes.

Q Will you describe to the Commission the type of well that Barber No. 7 is, is it a gas well?

A Yes, sir.

Q Does it produce any oil?

A It has.

Q Does it produce any oil now?

A At present, no, sir.

Q Has it been classified as a gas well?

A It was classified as a gas well by a letter from the Commission dated June 12, 1950.

Q When was it completed?

A It was completed as an oil well in the Monument Pool June 1, 1937.

Q In your opinion, is all of the acreage which you propose to assign to this Barber Well No. 7 productive of gas?

A It is.

Q How about the balance of the acreage in Sections 7 and 8, has that been assigned to other units?

A All of the other acreage in Section 7 has been assigned to other gas wells and that is indicated on Exhibit 1 by the proration units that are outlined in red with the hash marks and those units are as taken from the March 1955 gas proration schedule.

In Section 8 there are two contiguous gas proration units, as outlined on the exhibit, and there is a 160-acre unit operated by

the Gulf Oil Corporation, it is a T-shaped unit, and 40 acres of which is contiguous to our lease.

Q But that had been allocated to another unit, the 40 acres contiguous to your lease?

A No, to my knowledge it is not dedicated to any gas well.

Q Will you state whether or not Barber Well No. 7 is producing from the Queens gas sand?

A I believe that it is.

Q In your opinion, if this application is not granted, would Sinclair receive its proportionate gas in the reservoir?

A I do not believe they would if the petition is not granted.

Q In your opinion, would the allocation of the 320-acres to the Barber Well No. 7 prevent waste and protect correlative rights?

A I believe that it would.

MR. HARBIN: I believe that is all. You have something else you wish to say?

A In this matter we have requested the Commission to establish a 280-acre proration unit which consists of Sinclair's Barber Lease, and we would request that that petition be approved and granted. Then in addition to that, we request that the Commission grant only at such a time as the unitization between Stanolind's 40 acres in the southwest quarter of the southwest quarter of Section 8 is unitized with our lease, only at that time should the 320-acre unit be approved.

Q In other words, you are asking that the 280 acres be approved and that the Commission approve the unitization of the Stanolind 40 acre lease at such time as you have completed your unitization of that 40 acres?

A Yes, that they approve the addition of the 40 acres at such time as the unitization is completed. In that manner, we will, from the time that this application is approved, be immediately allowed to produce our 280 acres and from that interim, from then until the unitization is finally signed up.

Q Anything else you want to say in connection with this application?

A No, sir.

MR. HARBIN: I would like to offer in evidence, Exhibit No. 1.

MR. MACEY: Without objection it will be received. Any questions of the witness? Mr. Nutter?

CROSS EXAMINATION

By MR. NUTTER:

Q I understand you correctly, you are asking for a 280-acre unit?

A Yes. On this order that would be issued in this case we are petitioning for that as well as by our amended petition which we sent registered copies of it to all of the offset operators so that they were notified, we are also asking a dual grant. We are also asking that you approve the 320-acre unit to become effective at such time as our unitization efforts are completed.

MR. MACEY: The Barber No. 7 is the only well in that 280 acres that is completed in the Eumont Pool, is it not?

A Yes, sir.

Q The Stanolind's Gulluly No. 1 is completed in the Monument Pool, is that correct?

A That is my understanding.

Q Is there another Stanolind well in that quarter quarter section that they have, or are they drilling another well at this time?

A Not to my knowledge.

MR. NUTTER: That is all.

MR. MACEY: Anyone else? Does anyone else have a question of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further?

MR. HARBIN: No, sir, that is all.

MR. MACEY: We will take the case under advisement.

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 28th day of April, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires :
June 19, 1955