

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

TRANSCRIPT OF HEARING

Case No. 1178

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

IN THE MATTER OF: :

Application of Gulf Oil Corporation for approval of a :
non-standard gas proration unit in the Eumont Gas :
Pool in exception to Rule 5 (a) of the Special Rules :
and Regulations for the Eumont Gas Pool as set forth :
in Order R-520. Applicant, in the above-styled cause, : Case
seeks an order authorizing a 320-acre non-standard : No.
gas proration unit in the Eumont Gas Pool comprising : 1178
the E/2 of Section 22, Township 21 South, Range 36 :
East, Lea County, New Mexico; said unit to be dedi- :
cated to applicant's Leonard "A" Well No. 3, located :
660 feet from the North line and 1980 feet from the :
East line of said Section 22. :

BEFORE:

Mr. Daniel S. Nutter

TRANSCRIPT OF HEARING

MR. NUTTER: The next case is Case No. 1178.

MR. COOLEY: Case 1178, application of Gulf Oil Corporation
for approval of a non-standard gas proration unit in the Eumont
Gas Pool in exception to Rule 5 (a) of the Special Rules and Reg-
ulations for the Eumont Gas Pool as set forth in Order R-520.

MR. MALONE: Ross Malone from Roswell, appearing for Gulf
Oil Corporation. We have one witness, Mr. Don Walker, and we would
like that he be sworn in Cases 1178 and 1179.

(Witness sworn.)

MR. NUTTER: Let the record show that Mr. Walker has been sworn in Cases 1178 and 1179.

DON WALKER

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

DIRECT EXAMINATION

By MR. MALONE:

Q Will you state your name, please?

A Don Walker.

Q You are employed by Gulf Oil Corporation?

A Yes, sir.

Q In what capacity?

A I am Division Proration Engineer.

Q You reside at Fort Worth, Texas?

A Yes, sir.

Q And you have previously testified before the Commission as an expert, have you not?

A Many a time.

MR. MALONE: Are the witness' qualifications satisfactory?

MR. NUTTER: Yes.

Q Are you familiar with Gulf's application in Case No. 1178, Mr. Walker?

A Yes, sir.

Q What is sought by that application?

A Gulf seeks the approval of a non-standard gas proration unit in the Eumont Gas Pool, to consist, which should consist of the East Half of Section 22, Township 21 South, Range 36 East.

Q To what well would that unit be dedicated if the application is approved?

A Gulf Oil Harmlin Well No. 3.

Q Can you give us the location of that well?

A 660 feet from the north line and 1980 feet from the east line of said Section 22, Township 21 South, 36 East.

Q Do you have available a plat showing the proposed unit and the unit well?

A Yes, I do.

Q May I ask that it be identified as Gulf's Exhibit 1.

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

Q Referring to the plat which has been identified as Gulf's Exhibit 1, is that a plat of the proposed unit showing the Harry Leonard A Well No. B-3?

A Yes, sir, it is.

Q And the area within the unit is lineated in cross hatching in red?

A That's right, sir.

Q Could you give us a brief history of the proposed unit well?

A Gulf's Well, Leonard No. 3 was originally completed on November the 6th, 1936 as an oil well in the upper San Andres pay of the Eunice Oil Field. The initial potential of this well was 2,040 barrels of oil, which was produced through open hole from 3805 to total depth of 3895. Five and a half inch casing was cemented 3760 feet with 175 sacks. On October 1st, 1951 this well was plugged back from the total depth of 3895 to 3708 feet and it is now producing from the Queen Zone of the Eumont Gas Pool through five and a half inches casing perforation from 3495 to 3695 feet, which is within the vertical limits of the Eumont Gas Pool.

Q Is this well producing any fluid, Mr. Walker?

A No, sir, it does not.

Q I notice in Gulf's Exhibit No. 1 that another oil well indicated as No. 5 is shown within the unit. From what formation is that producing?

A This is Gulf's Harry Leonard A No. 5 which is producing from the Grayburg formation of the Eunice-Monument Pool. There are two other wells on this, it is a 480 acre lease, 320 acres of which is to be dedicated to this well. There are two other wells also, wells No. 1 and 2, located in the southwest quarter of Section 22, which also produce from the Grayburg.

Q But the proposed unit well is the only well that is producing from the Eumont Gas Pool on the unit?

A That's right, sir.

Q Can you give us some information as to the apparent deliverability of the well?

A This, this well, now, is assigned a 160 acre unit allowable, and for the month of November has an allowable of approximately 390 MCF's per day. If the 320 acre unit is assigned as proposed, the allowable will be approximately double that or 780 MCF's per day, estimated deliverability rate at 600 pounds pressure, would be between two and two and a half million. The last open flow potential was at, in June of this year, was 304,000 cubic feet per day.

Q Based on this information, would you state whether or not in your opinion the increased allowable requested would be produced without waste?

A Yes, sir, it could.

Q Gulf has made a prior application for a unit at this location, has it not, Mr. Walker?

A Yes, sir. We did have a hearing and application of, I believe the application was dated March the 4th, 1955, and we had a hearing a little bit later then, and by Order R-686 in Case 919 dated the 15th of September, our application was denied.

Q Has there been any substantial change in the development site in this area since that hearing?

A Yes, sir. At the time of the hearing, prior to the September 15th order --

Q (Interrupting) If I may interrupt you, do you have an exhibit which shows the present state of development and the units which have been approved in the immediate area?

A Yes, sir, it is reasonably accurate.

MR. MALONE: We ask that it be marked Gulf's Exhibit 2.

(Marked Gulf's Exhibit No. 2, for identification.)

A I was unable to determine all wells that were producing from the gas pool in this area, but I believe I've covered the major part of them.

Q Will you state briefly what is shown by Gulf's Exhibit 2?

A All right sir. Let me go back just a second. You asked if the site had changed any since the original hearing which we were denied our application. At that time the southern, the proven limits of the Eumont Gas Pool to the south was limited in our well No. 3, Harry Lenoard A No. 3 was one of the southernmost wells producing from the Eumont Gas Pool, and since that time numerous units have been approved to the south, southeast and southwest of our Well No. 3 and this plat indicates then proration units which have been approved offsetting our Harry Leonard, our proposed Harry Leonard A unit in nearly all directions.

Q And these are all producing from the Eumont Gas Pool, are they?

A Yes, sir.

Q Will you state whether or not in your opinion on the basis of the form which is now variable, all over the acreage in the proposed unit can be reasonably presumed to be productive of gas of the Eumont Gas Pool?

A Yes, sir, they certainly can.

Q And would you outline again, please, the individual wells on which you base that testimony, particularly with relation to the movement of the southern boundary of the pool?

A Humble's State G No. 4 has assigned to it, that's down in Section 26 of Township 21 South, Range 36 East, 320 acres, Eumont Gas unit assigned to it.

Q That well has been completed since the former hearing hasn't it, Mr. Walker?

A Yes, sir, as does their State G Well No. 2, the south half of the Section 26 in 21, 36, and Gulf's S. E. Felton No. 1 over to the southwest in Section 28 is now producing gas from the Eumont Gas Pool; as is Continental Lockhart B No. B-3 and Cities Service No. 1 Felton both to the southwest of our proposed unit.

We -- Gulf has completed a well in Section 27 directly south of the proposed unit, but it is not yet connected.

Q How is that well designated on Exhibit 2?

A It is shown as Well No. 17, and it is --

Q Directly south of the proposed unit?

A Yes, sir.

Q Is it not true there that there is production from the Eumont Gas Pool on all directions of the Eumont Gas Pool?

A That's right, directly east I don't believe that has been developed by Humble yet, but we anticipate it is just a matter of time as far as that is concerned.

Q And to the northeast and southeast there are producing wells, are there not?

A That's right.

Q You prepared a contour on the top of the Queen Formation?

A We have an exhibit here which we would like to present, showing the contours, I believe that's on top of the Queen.

Q Is Gulf's Exhibit 3 the contour to which you referred?

A That's right, sir. This map is contoured on top of the Queen, twenty-five foot contour intervals.

Q Have you taken into consideration the information shown by that plat in forming your opinion as to the reasonable prospect of production through the unit?

A Yes, sir, there is no doubt in our mind but that the 320 acres is producable of gas.

Q Do you have available a radioactivity log of the proposed unit well?

A Yes, sir, I sure have, and on this we show the top of the Yates, Seven Rivers and Queen formation. The Queen shows the Knight

and the Penrose breakdown as well as the perforated interval in our well.

Q I hand you an Exhibit which has been marked Exhibit 4 and ask you to state whether or not that is a radioactivity log to which you testified?

A That's right, sir.

Q Mr. Walker, in your opinion, if the proposed unit is approved and Gulf's application is granted, will correlative rights be protected?

A Yes, sir, they will.

Q Would any waste result from the approval of the application, in your opinion?

A No, sir.

Q With reference to Gulf's Exhibits 1, 2, 3 and 4, were they prepared at your direction and under your supervision?

A That's right, sir.

MR. MALONE: We offer in evidence Gulf's Exhibits 1, 2, 3 and 4.

MR. NUTTER: Without objection those exhibits will be received in evidence.

Q Is there any further information you can give the Commission, Mr. Walker? I believe I should inquire as to the ownership of the leasehold estate of the acreage within the unit.

A The state of New Mexico has the royalty ownership.

Q And is the leasehold ownership common?

A That's right, sir.

MR. NUTTER: Is there any further information you would like to give the Commission?

A This well, as I stated a moment ago, does have a 180 acre unit allowable at this time and is connected to Gulf's unit. It is called the Eunice high-pressure system, and of course, all the gas then goes through our -- in lifting the oil, it is distributed to low pressure systems and goes to the gasoline plant, and there is no waste taking place.

MR. MALONE: That's all.

MR. NUTTER: Does anyone have any questions of the witness?

CROSS EXAMINATION

BY: MR. COOLEY:

Q Is this one single lease, one single State of New Mexico lease or does it involve more than one?

A No, it is one single lease.

MR. COOLEY: That's all.

A Actually it is a part of a single lease, this is 320 of a 480. I might say here that we are now drilling Well No. 6 which I believe may not be shown in your plat. There it is shown on the plat showing the units.

MR. MALONE: Exhibit No. 2.

A There on the southeast quarter of Section 26 it is 660 from the south line and I believe probably 1980 from the west line, and we propose to dually complete that well, and it will be producing gas from the Queen formation also, and we will assign the other 160 acres of that lease to that well.

MR. MALONE: As a separate unit?

A As a separate unit, yes, sir.

MR. NUTTER: Mr. Walker, here on Exhibit 2 and some of the other exhibits, this little four acre tract on the northeast is marked as a Leonard camp site, what is the status of that place?

A Well, partly that is just a camp site as has nothing to do with royalty ownership.

MR. NUTTER: Working interest and royalty is the same through the 320?

A Yes, sir.

MR. NUTTER: Does anyone else have any further questions of the witness?

Mr. Walker, which of these units to the south of this unit were approved subsequent to the date that your previous application was denied?

A Both of Humbles 320 acre units.

MR. MALONE: That's on Section 26?

A In Section 26, yes, sir, and I can't give you the dates

of our Felton lease or Continental Lockhart unit approvals. I am not real sure about those dates, but the one I am particularly concerned about is the ones to the southeast of our 320 acre unit.

MR. NUTTER: Any further questions? If not the witness may be excused.

(Witness excused.)

MR. NUTTER: Does anyone else have any further statement they wish to make in this case? If not we will take the case under advisement and take Case No. 1179.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 19th day of December, 1956.

J. A. Trujillo

NOTARY PUBLIC, COURT REPORTER

My Commission Expires:
October 5, 1960

NEW MEXICO OIL CONSERVATION COMMISSION
Oil Conservation Commission Auditorium

Hobbs, NEW MEXICO

REGISTERHEARING DATE November 28, 1956TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION:
J. W. Meek	Standard	Roswell
Ch Kelley	"	"
JK Smith	"	"
Ross Malone	Gulf	"
W.G. Abbott	Amerada	Monument
D.C. Pappas	✓	—
E. H. Hurray	Cities Service	Hobbs
V. T. Lyon	Continental Oil Co	Roswell
C. R. Smith	" " "	EUNICE
K. D. M. Peters	John M Kelly	Hobbs,
John A Frost	USSS	Antonine
R. L. Boss	Gulf	Roswell
R. M. [unclear]	State Land Office	Santa Fe
Ted [unclear]	"	"
Merion Rhein	"	"
Ed Myers	"	"
W. J. Wheeler Jr	Conoco	Eunice, N.M.