

BEFORE THE
OIL CONSERVATION COMMISSION
DECEMBER 10, 1958

IN THE MATTER OF:

APPLICATION OF OLSEN OILS, INC., CASE 1567

TRANSCRIPT OF HEARING

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BEFORE THE
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IN THE MATTER OF:

Application of Olsen Oils, Inc, for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the N/2 NW/4, SW/4 NW/4 and the NW/4 SW/4 of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico; or in the alternative for a compulsory pooling order pooling all interests within the vertical limits of the Tubb Gas Pool in the NW/4 of said Section 25 as one Tubb Gas Unit and a like order pooling all interests within the vertical limits of the Tubb Gas pool in the SW/4 of said Section 25 as another Tubb Gas Unit.

Case
1567

BEFORE:

Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The next case is Case 1567.

MR. PAYNE: Case 1567, Application of Olsen Oils, Inc., for a non-standard gas proration unit. Mr. Examiner, Case 1478 which was similar to Case 1567 was continued indefinitely at a previous date. In view of the fact that the application of 1567 has been changed to include an alternative, we have been requested to dismiss Case 1478. I so move at this time.

MR. NUTTER: Without objection, Case 1478 will be dismissed.

MR. RUSSELL: John F. Russell of Campbell and Russell, Roswell, New Mexico, representing the Applicant, Olsen Oils, Inc.

I have two witnesses.

(Witnesses sworn.)

DEWEY WATSON

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q What is your name and by whom are you employed?

A Dewey Watson; I'm employed by Olsen Oils, Inc.

Q Where do you live?

A In Jal, New Mexico.

Q Mr. Watson, have you previously qualified as an expert witness and testified before this Commission?

A I have.

MR. RUSSELL: Are the witness' qualifications acceptable?

MR. NUTTER: Yes.

Q (By Mr. Russell) Is Olsen Oils, Inc. the operator of properties described as the north half of the northwest quarter, southwest quarter of the northwest quarter and the northwest quarter of the southwest quarter of Section 25, Township 22 South, Range 37 East, Lea County, New Mexico?

A Yes, sir, they are.

Q Looking at that Exhibit Number One, will you state what is shown on that exhibit outlined in red?

(Marked Olsen Oils, Inc. Exhibit No. 1 for identification.)

A This is a map of the surrounding area of the lease,

owned by Olsen Oils, Inc., and the particular lease outlined in red is a unit assigned to the Simms Number 2 Well in the Tubb zone.

Q Has that unit been approved by the New Mexico Oil Conservation Commission as a Tubb Gas unit?

A Yes, sir, it has.

Q And is that a Blinebry gas unit in the Blinebry Pool?

A Yes, sir, it is.

Q Referring to the proposed Tubb Gas Unit shown in blue, has that unit been approved?

A It has been approved in the Blinebry, yes, sir.

Q If this application -- you are familiar with the application before the Commission in this case?

A Yes, sir, I am.

Q If this application is approved for the Tubb Gas Unit outlined in blue, do you propose to drill a Tubb gas well in this unit?

A Yes, sir, we do.

Q Where do you propose to drill it?

A In the northeast of the northwest of Section 25, 22,

37.

(Marked Olsen Oils, Inc.,
Exhibit 2 for identification.)

Q Directing your attention to Exhibit 2, state what that is?

A This is a contour map on the Tubbs Formation of the area surrounding the leases in question.

Q Now, did you at the time of the hearing involving the properties outlined in red on the Tubb Unit introduce a similar contour map?

A Yes, sir, I did.

Q Now, have you since the hearing on the unit outlined in red changed the contours as outlined in that map?

A No, sir, we have not.

Q Now, did you testify in that prior case?

A Yes, sir, I did.

Q Based upon your knowledge of geology in this area, is it your opinion that the Tubb Gas Unit proposed as shown in blue on Exhibit One may be reasonably presumed to be productive of Tubb gas?

A Yes, sir, I believe so.

Q Mr. Watson, in your opinion, may the entire west half of Section 25 be reasonably presumed to be productive of Tubb gas?

A Yes, sir.

Q Now, Mr. Watson, you are familiar with the alternative contained in the application of Olsen Oils, Inc.?

A Yes, I am.

Q Now, in the event that the Commission should grant the alternative request and make two standard Tubb Units, where

would you propose to drill this well?

A In the northeast southwest quarter of Section 25, 22 South, 37 East.

Q In your opinion, would the granting of the application in either of the alternatives tend to prevent waste and protect correlative rights?

A Yes, sir.

MR. RUSSELL: I have no further questions of this witness.

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

MR. PAYNE: I have one question.

CROSS EXAMINATION

BY MR. PAYNE:

Q I don't know whether this witness is the one that would be most familiar with this -- which of these two alternatives do you prefer?

A I prefer the two standard proration units.

MR. PAYNE: Thank you.

EXAMINATION BY MR. NUTTER:

Q Let me review this once more. The well in the northeast of the northwest of 25 is a Blinbry Well, is that correct?

A The Number 1 Well there.

Q And that presently has the blue acreage dedicated to to it in the Blinbry?

A Right.

Q The R Olsen-Gulf One Well in the southeast of the northwest is a Blinebry well?

A Yes, sir.

Q It has the red acreage dedicated to it for the Blinebry Pool?

A That's right.

Q You propose to dually complete one of these wells as a Tubb well?

A No, sir, we plan on drilling a new well.

Q To drill the well in the northeast of the northwest?

A Yes, sir.

Q For the Tubb?

A It would be in the center of the location.

Q Right there where the word says "Gulf"?

A Yes, sir.

Q And then if the Commission grants these interlocking non-standard units, you would drill a Tubb gas well in the southeast of the northwest where the Number 2 is?

A No, sir. The first alternative would be in the northeast of the northwest quarter where the Number 3 well would be. In the case it was two standard units, it would be drilled in the northeast of the southwest, south offset to Number 2.

Q The Two well here, southeast of the northwest, that's a Tubb well?

A Yes, sir.

Q Is it completed at the present time?

A Yes, sir.

Q Does that have any acreage dedicated to it at the present time?

A Yes, sir, it has the acreage outlined in red.

Q So that acreage is a non-standard unit in both the Blinbry and the Tubbs, is that right?

A Yes, sir, I think it was in '55 that was taken care of.

Q In other words, you'll have to drill one more Tubb well if you wish the interlocking units; the well will be in the north-east of the northwest, two standard units, it will be this north-east of the southwest?

A Yes, sir.

MR. NUTTER: Thank you.

EXAMINATION BY MR. PAYNE:

Q Is your preference for the two standard units based upon the fact if we grant the non-standard unit you'll have all four wells in one quarter section with none in the other quarter section?

A I think we'll be able to drain the 320 acres more efficiently with the two wells. I mean, with the two wells not on the same 160 acres.

MR. NUTTER: Any further questions of Mr. Watson? You may be excused. (Witness excused.)

MR. RUSSELL: I might state for the record the previous case was Case 929, Order R-677, issued July 14, 1955.

MR. NUTTER: Did that approve the one Tubb Unit?

MR. RUSSELL: It approved the non-standard Tubb. I don't recall whether it did the Blinebry or not. The Blinebry was a separate application.

PHILLIP RANDOLPH

the witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you state your name?

A Phillip Randolph.

Q Where do you live and by whom are you employed?

A Oklahoma City; I'm employed by Graham Paige Company of Texas.

Q Were you previously employed by R. Olsen Oil Company?

A Yes, sir, I was.

Q In what capacity?

A Vice President.

Q Are you acquainted with the fact the New Mexico Oil Conservation Commission has previously approved that Tubb gas unit outlined in Red on what has been identified as Applicant's Exhibit One?

A Yes, I am.

~~Q Mr. Randolph, you are acquainted with the application~~

of Olsen Oils, Inc., are you not in this case?

A Yes, sir, I am.

Q You know in the alternative Olsen Oils, Inc., sought to obtain a compulsory pooling unit in the northwest quarter of Section 25 and an order pooling all interest in the southwest quarter of Section 25 as another Tubb Unit?

A Yes, sir.

Q Did you at one time make an effort to obtain a voluntary pooling unit from royalty owners under these units?

A Yes, sir.

Q Was it your position at that time in the voluntary unit it had been sought to drill a Tubb well in the southwest quarter of Section 25?

A Yes, sir.

Q Were you able to obtain that acreage for such an arrangement?

A No, I was not.

Q Was such presented and described to them?

A Yes.

Q Did you ever go visit them personally?

A Yes, I did.

Q Was there definite refusal for voluntary pooling for this purpose?

A There was a definite refusal.

Q ~~Could you tell the Commission which royalty owner~~

refused to execute the pooling agreement?

A Mrs. Simms.

Q Is that Amanda E. Simms?

A That's right.

Q There are two leases under the west half of Section 25, are there not?

A Yes, sir.

Q One is known as the Simms Lease?

A That's right.

Q And who is the royalty owner under that lease?

A Mrs. Simms.

Q Mrs. Amanda Simms?

A Yes.

Q She's the owner of the entire royalty?

A That's right.

Q As to the other 160 acre lease, who was the royalty owner of that lease?

A Mrs. Simms and Mr. Drinkard.

Q To what extent is Mrs. Simms the owner of the royalty under that?

A Mrs. Amanda E. Simms owns 14.5 of the royalty.

MR. RUSSELL: That's all.

MR. NUTTER: Any questions of this witness?

CROSS EXAMINATION

BY MR. NUTTER:

Q Which acreage is the royalty owned jointly by Mrs. Simms and Mr. Drinkard?

A The blue.

Q Mrs. Simms is owner of all the royalty in the acreage colored in red?

A That's correct.

Q Have the working interest owners in this acreage pooled their acreage?

A They haven't as yet; they will.

Q There is agreement to pool the acreage?

A That's right.

MR. NUTTER: Any further questions of the witness?

MR. RUSSELL: I'd like to put in one other.

REDIRECT EXAMINATION

BY MR. RUSSELL:

Q Mr. Randolph, was notice of this hearing sent to Mrs. Amanda E. Simms?

A Yes, it was.

MR. RUSSELL: I would like to offer Applicant's Exhibits One, Two and Three, Exhibit Three being the return receipt from the notice of the hearing.

MR. NUTTER: Without objection, Applicant's Exhibits One, Two and Three inclusive will be admitted in evidence. If there is no further question of the witness, he may be excused.

~~(Witness excused.)~~

MR. NUTTER: Does anyone have anything further to offer in Case 1567?

MR. PAYNE: Off the record.

(Discussion off the record.)

MR. NUTTER: If there is nothing further in Case 1567, we will take the case under advisement and the hearing is adjourned.

(Whereupon the hearing adjourned at 4:20 p.m.)

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, JOHN CALVIN BEVELL, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of hearing before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me; that the same is a true and correct record, to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 18th day of December, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

John Calvin Bevell
NOTARY PUBLIC

My Commission Expires:
January 24, 1962

I do hereby certify that the foregoing is a complete record of proceedings in the Ex parte hearing of Case No. 1567 heard by me on 12-10, 1958.

[Signature], Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

P.O. Box 871
Santa Fe, New Mexico
December 18, 1958

Mr. John Russell
Campbell & Russell
P.O. Box 721
Roswell, New Mexico

Dear Mr. Russell:

We enclose two copies of Orders R-1302 and R-1310 issued December 17, 1958, by the Oil Conservation Commission in Cases 1478 and 1567, respectively.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encls.

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