

MR. DAVIS: William S. Davis, Humble Oil & Refining Company, Midland. We may wish to make a statement.

MR. UTZ: Are there other appearances? You may swear the witness, please.

(Witness sworn.)

E. W. LAUGHLIN

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

DIRECT EXAMINATION

My name is E. W. Laughlin and I am a partner in Brunson & Laughlin.

MR. UTZ: You are representing yourself?

A Yes, sir. We would like to have the Commission approve the creation of a gas unit in the said location. The productive interval in our well is approximately 3,930 to 3,960. The other productive wells in the area in New Mexico, the shallowest depth at which they produce is in the San Andres formation. It's approximately 4,430 to 4,500 feet. There are no other wells in New Mexico within a radius of five or six miles of that producing out of this formation.

MR. UTZ: This is the San Andres well?

A No, sir, this is the Penrose section of the lower Queen.

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We will submit this as an exhibit showing our acreage that we propose to dedicate to our unit consisting of Lots 1, 2, 3 and 4, Section 32.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

We have under lease Lots 1 and 2 and we have a letter farm-out for Lots 3 and 4 from Ralph Lowe. The State of New Mexico is a common royalty owner under all of these tracts. These tracts adjoin at the state line between Texas and New Mexico and they are the West Half of the section.

We are unable to obtain any more acreage to dedicate to this unit without crossing section lines or quarter section lines, or quarter quarter section lines. We're asking for a non-standard well location. This project was originally drilled by Skelly in 1952 and plugged and abandoned. It was re-entered by us in April of this year, 1962, for the purpose of evaluating the San Andres formation. At that time we decided that it was not commercial and we perforated and produced the Penrose section.

The well was spudded by Skelly and re-entered by us as an unorthodox location. This is a net pay triangular section map comprising three wells, our well is in the middle. This is a Nearburg and Ingram well in Section 5, Township 19 South, Range 39 East. It's the Foster No. 1 Nearburg and Ingram.

We also have a, this other well is in Texas, it's an Anderson-Prichard Hancock No. 1. It's Section 16, Block -- Section 15,

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Block A, PSIL survey in Gaines County, Texas. Our acreage lies in the approximate center of this triangle and this sand which we are producing out of is a sand which is confirmed in all three locations on two sides of us south of our wells, acreage dedicated would be in the approximate middle of the triangle.

MR. UTZ: What formation are these that you have shown?

A Those are the sand stringers in the Penrose. It's a fairly uniform section. It's also in a great number of other wells to the north of us. We saw no point in entering into it. We have no further testimony to offer at this time.

CROSS EXAMINATION

BY MR. UTZ:

Q Are there any other completions in the area in the Penrose section?

A There is one in Texas. I believe it's the Humble Jones No. 3, which is approximately three quarters of a mile due east of us.

Q Mr. Laughlin, you have no evidence available this afternoon that would show whether or not Lots 3 and 4 would be productive in this formation?

A The only evidence that we have to offer at this time is that the sand is present in the Nearburg and Ingram well and

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also in the Anderson-Prichard well to the Southeast and Southwest of our well.

Q Which well is which?

A The well in Block 10, PSL Survey, a dry hole down here on this map here marked --

MR. DURRETT: That's Exhibit No. 1?

A Yes, sir, on Exhibit No. 1, is a Nearburg and Ingram well. The well here in section, over here above this Foster field, excuse me, I'm wrong. This is a Nearburg and Ingram well in New Mexico and the other well is Anderson-Prichard. The sand is present in both places.

In the Nearburg and Ingram well it was cored and the core analysis showed the evidence of hydrocarbons. They did not have the core analysis, they just cored it, did not have it analyzed, but inasmuch as there is no productive history, why we're unable to state emphatically it would produce.

Q Is the Nearburg and Ingram well completed?

A In the San Andres formation.

Q They made no attempt to complete it in the Penrose?

A No, sir. There have been no other attempts to our knowledge other than some recompletion in Texas. We have in our well approximately 13 feet of pay, net pay, and the Anderson-Prichard well shows approximately 15 feet. The Nearburg and

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Ingram well shows approximately nine feet.

Q What kind of a potential did you get on this well?

A 1300 MCF as tested by an independent gas tester, Mr. Willie Smith in Hobbs.

Q Is the well now producing?

A No, sir. We're waiting the outcome of this hearing before laying a line to the market.

Q Who will be the purchaser?

A Phillips Petroleum Company.

Q That will go to a gasoline plant?

A Yes, it will go to the discharge side of their compressor and go to the gasoline plant.

Q The residue from the gasoline plant is sold to El Paso?

A Yes, sir, I believe that's correct.

Q The reason you had a non-standard location is because you re-entered an old well?

A Yes, we entered a well that was drilled by Skelly in 1952.

Q Do you think that that well can drain Lots 3 and 4?

A Well, I don't know whether it can or not. We think it can.

Q It would be a rather long rectangular drainage pattern?

A Yes, sir.

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Q Do you anticipate further development in the area due to your completion?

A Not on the basis of the completions that we've run up against because we can only sell 200,000 a day at 3.97¢, so I doubt anybody is going to be recompleting until the gas market gets a little better.

Q Did you say 3.97¢?

A That's what I said.

MR. UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir, I have a question or two.

BY MR. DURRETT:

Q I would like to get some of these dates straight here a little bit.

A Yes, sir.

Q You did re-enter the well. When did you complete in the Queen?

A April the 10th, 1962.

Q In what formation had the well been completed by Skelly?

A It was plugged and abandoned by Skelly.

Q What are the top of your perforations right now?

A 3,930.

MR. UTZ: Well, your interval was 3,930 to 3,960?



A Yes.

MR. UTZ: The top of the perforation is 3,930?

A Yes, sir.

MR. UTZ: That will be all that's necessary.

MR. DURRETT: That's all I have.

BY MR. UTZ:

Q How do you intend to name the well, Brunson -McLaughlin?

A Brunson-Mac State 32 No. 1 is our designation.

Q State 32?

A State 32 No. 1.

MR. DURRETT: I have a question for the purpose of clarification.

BY MR. DURRETT:

Q I notice on the docket, Mr. Laughlin, that it's State 32 Lease Well No. 1-A, is that the way you want it?

A Yes, it should be the 1-A. There was a junked hole on the lease.

MR. UTZ: Are there other questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: Any other statements in this case?

MR. DAVIS: I have a statement on behalf of Humble, Mr. Examiner.

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MR. UTZ: Yes, sir.

MR. DAVIS: Humble is the operator of J. S. Jones No. 3 on the Texas side of the line. This well is located 660 feet from the North line and 1,780 feet from the East line of Section 6, Lot A-10, PSL in Gaines County. As brought out by your question, this well is in the East Hobbs-Queen Gas Pool. I think it is clear that insufficient evidence is available at the moment to say whether these two wells are in communication or what the extent of productive acreage is. We have no position on this matter.

We do merely wish to call the Commission's attention to the existence of this well on the Texas side. That if additional development does require field rules, we urge the Commission to take the existence of the Jones well into consideration so there can be equitable withdrawal on both sides of the line. That's all we have.

MR. UTZ: What kind of withdrawals are you getting from your well?

MR. DAVIS: At present it's capable of an adjusted potential of 300,000. I'm not sure what the contract volume is at the moment, however.

MR. UTZ: Would it be in excess of 200,000 a day?

MR. DAVIS: Unlikely. The 300,000 is the adjusted open

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flow potential as of the middle of this year. The actual withdrawals would be something less than that, I don't have the exact figure. It also goes, however, to this Phillips connection.

MR. LAUGHLIN: May I interject something here? It is my understanding when the well was originally potentialized it was potentialized at 417,000 a day.

MR. DAVIS: That's right.

MR. LAUGHLIN: You haven't done any remedial work?

MR. DAVIS: No, the potential is quoted as the adjusted open flow.

MR. LAUGHLIN: You have a Texas-assigned allowable of 109,000 a day, is that not correct?

MR. DAVIS: I don't know.

MR. LAUGHLIN: My understanding was that was your assigned allowable. Did you say 300,000,000?

MR. DAVIS: 300,000. It would be on the basis of one-quarter of that 300,000, roughly.

MR. LAUGHLIN: I thought you said 300,000,000.

MR. DAVIS: I wish it were. One-quarter of the adjusted open flow potential of July would be approximately, no, it would be 7,000, based on the adjusted open flow potential which has been filed.

MR. UTZ: The case will be taken under advisement.



