

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

PROCEEDINGS

The following matter came on for consideration before a hearing of the Oil Conservation Commission of the State of New Mexico, pursuant to legal notice, at Santa Fe, New Mexico, on September 20, 1949, at 10:00 A. M.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held September 20, 1949, beginning at 10:00 o'clock A. M., on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 195

In the matter of the application of Slick-Moorman Oil Company, a co-partnership of San Antonio, Texas, for an order approving the Huerfano Unit Agreement, covering 63,122.05 acres in Township 25 North, Ranges 9 and 10 West; Township 26 North, Ranges 9, 10 and 11 West; Township 27 North, Ranges 9, 10 and 11 West, in San Juan County, New Mexico.

Case 196

In the matter of the application of Rufus G. Clay, an Individual of Fort Worth, Texas, for an order granting permission

to dually complete Geo. Etz. Well No. 1, in SW/4SW/4 Section 27, Township 23 South, Range 36 East, N.M.P.M. in the Cooper-Jal pool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on September 1, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
/t/ R. R. SPURRIER, SECRETARY

SEAL

BEFORE:

Hon. Guy Shepard, Chairman
R. R. Spurrier, Secretary
George Graham, Attorney

REGISTER:

Albert Gackle
Hobbs, New Mexico
For Rufus G. Clay

Elvis A. Utz
Santa Fe, New Mexico
For the New Mexico Oil Conservation Commission

Glenn Staley
Hobbs, New Mexico
For Lea County Operators

Mark Whelan
Artesia, New Mexico
For Slick-Moorman Oil Company

Clarence Hinkle
Roswell, New Mexico
For Slick-Moorman Oil Company

H. M. Dow
Roswell, New Mexico
For Slick-Moorman Oil Company

Cecil A. Daruell
Albuquerque, New Mexico
For Sinclair Oil & Gas Company

Roy O. Yarbrough
Hobbs, New Mexico
For the New Mexico Oil Conservation Commission

W. D. Girand, Jr.
Hobbs, New Mexico
For Rufus G. Clay

CHAIRMAN SHEPARD: The meeting will come to order. Mr. Graham will you read the first case?

(Mr. Graham read the notice of publication of the first case, No. 195.)

MR. HINKLE: Members of the Commission for the purpose of the record: Clarence E. Hinkle, firm Hervey, Dow & Hinkle, White Building, Roswell, New Mexico, client Slick-Moorman Oil Company, San Antonio, Texas. In the matter before the Commission of Slick-Moorman Oil Company, San Antonio, for application for approval of the Huerfano Unit Agreement for area of San Juan County, New Mexico. We have filed with the Commission copies of unit agreement, substantially the same as has been heretofore approved by the Commission. The proposed unit covers a total of 63122.05 acres. That 55442.97 acres of the lands in proposed unit area are lands of the United States. 1919.96 acres are fee or privately owned lands, and 5759.12 acres are lands of the State of New Mexico. All of land situated in Townships 25, 26, and 27 North, Ranges 9, 10, and 11 West in San Juan County, New Mexico, is the proposed unit area and designated by the United States Geological Survey as one suitable and proper for unitization, and that all lands in proposed unit are believed to be situated upon the same geological structure. The Slick-Moorman Oil Company is designated as the unit operator in said Agreement, and as unit operator is given authority under terms of the Agreement full power and authority to do and perform everything necessary to carry on operations in accordance with unit agreement. By the authority of Section 8 of the Unit Agreement provides that a well be commenced within six months after the effective date of agreement. Thereafter,

continue the drilling until a well has been drilled to a depth of 7,000 feet to adequately test the Dakota formation, unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities. It also provides that in the event of discovery and completion of the initial or subsequent test well or wells in formations above and before reaching the Dakota formation, a test well shall be drilled to the original objective, and that such well will be begun at a location approved as above not later than eighteen months after the effective date of this agreement.

As I have stated, the unit area has been approved by the United States Geological Survey as one suitable and proper for unitization. Mr. Mark Whelan, geophysicist, did the geological work, making a dersion balance and I believe he made two trips to Washington to go over matter with U. S. Geological Survey before area was designated.

Mr. Mark Whelan, Artesia, New Mexico, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. HINKLE:

- Q. State your name, please.
- A. Mark Whelan.
- Q. Where do you reside?
- A. Artesia, New Mexico.
- Q. Are you a graduate engineer?
- A. Yes, sir.
- Q. In what business are you engaged?
- A. Geophysicist.
- Q. What is the nature of a geophysicist's work?
- A. Well, I have used four or five instruments, but I am using a dersion balance and a magnetometer.

Q. Did you make survey with magnetometer, geophysical survey of above-named area, area in San Juan County?

A. Yes, we worked in this area about--work was done in '45, '46, and early '47.

Q. Did you work for Slick-Moorman Oil Company?

A. Originally, wasn't--the detail work was.

Q. Later on?

A. Yes, sir.

Q. Did you prepare a map showing results, geophysical results?

A. Yes.

Q. Do you have it with you?

A. I have a copy of it.

(Displays map)

May I show it to the Commission? They might be interested in seeing it.

Q. You might point out to the Commission the proposed unit area?

(Pointed out Unit Area to Commission.)

This is and old unit here. This is the Moorman Unit right against it. This was designated to take in two major controls. In fact, as you know, they asked the Federal classifications to move out because of this open topographical mess in here. And while I couldn't close it, we did extend that as a concession to the Bureau of Classifications. In fact, they insisted that it be extended there.

Q. We do not have a map to introduce in evidence. If the Commission desires we can supply one.

CHAIRMAN SHEPARD: No.

A. Every time something else came up, they asked for another copy.

Q. Did you go over it with the United States Geological Survey in Washington?

A. Yes, sir.

Q. Through your efforts the geological area was approved by them?

A. Yes, sir.

Q. Are you familiar with the form of unit proposed here?

A. Yes.

Q. State whether it will tend to promote conservation of oil and gas?

A. Yes, I think it certainly will.

(Witness dismissed.)

MR. GRAHAM: I believe in your first statement you mentioned range 12.

MR. HINKLE: Did I? I have it down 9, 10, 11 west.

CHAIRMAN SHEPARD: 9, 10, 11--Township 25, 26, 27 North, Range 9, 10, 11 west.

The agreement will be approved. Next case. Mr. Graham, will you read the notice of publication?

(Mr. Graham read the notice of publication of Case No. 196.)

✓ MR. GIRAND: W. D. Girand, Jr., P. O. Box 1326, Hobbs, New Mexico, of the firm Neal & Girand, attorneys for applicant Rufus G. Clay, an individual.

If the Commission please, in application for dual completion, the applicant encountered gas in Yates at around 3010 feet. They set the casing, 5½" casing, at 2990 feet. They drilled the well to a total depth of 3393 feet and completed the well as a producer in Seven Rivers formation. As I understand, there is no oil in Yates Sand. Applicant prays here to be allowed to complete well from the Seven

Rivers pay; and as a gas well from the Yates formation, sending gas produced through the annulus between casing and tubing with proper casing head connection. A plat is attached to application showing location of wells in vicinity. Copies of plat and application have been furnished to all offset operators, and it is my understanding that there has been no protest filed by any of the adjacent owners.

Albert Gackle, Hobbs, New Mexico, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. GIRAND:

Q. Are you Albert Gackle?

A. Yes.

Q. Where do you reside?

A. Hobbs, New Mexico.

Q. What business are you engaged in?

A. Oil contractor.

Q. Are you connected with Rufus G. Clay in any regard?

A. Partner.

Q. Are you and Mr. Clay interested in the well designated as Geo. Etz. Well No. 1?

A. Yes, sir.

Q. Is it located in the SWSW Section 27, T. 23S, R. 36E, Lea County, New Mexico?

A. Yes, sir.

Q. What activity in the drilling of that well did you have, if any?

A. We encountered gas.

Q. Did you supervise the drilling of that?

A. Yes, sir.

Q. If the Commission please, I would like to refresh

Mr. Gackle's recollection with this report?

(Handed report to Mr. Gackle.)

Mr. Gackle, did you make that completion report?

A. I did.

Q. Was that the firm's drilling record?

A. Yes, sir.

Q. Are the records kept under your supervision?

A. Yes, sir.

Q. Will you read it?

A. Set surface at 301 feet with 8-5/8" surface pipe and with 250 sacks of cement. Ran 5 1/2" pipe to 2990 feet and set it with 600 sacks. At 3350 feet they were in Yates Sand and it tested 648 mcf. of gas and recovered 480 feet of gas, cut another at 3375 feet to 3393 feet through a drill stem test, produced an estimated 40 barrels of oil per hour and recovered 400 feet of pipeline oil. Sweet packer was set 3364 feet.

Q. Was the setting of the packer a success, did it clearly close off?

A. Yes, sir.

Q. No noticeable leak?

A. No, could I go on and explain the reason. We encountered the Yates gas at 3010 feet with surface pipe in the hole, and the well started blowing out. The boys shut it in. It built up enough pressure and started coming outside cement on surface pipe. Immediately when that happened, we, I believe, asked for permission to set pipe on that (Looked at copy). Yes, here is our form. This was done in emergency, and 5 1/2 casing cement at 2990, top cemented 800 feet from surface. In other words we set that pipe high, set above Yates sand. We really

didn't know whether we would get an oil well, but we had agreed to test for oil on deal. When we encountered gas, to complete the well we had to run that formation pack, sweet packer. Now since it is completed, we have gas. It is a good gas well. We have tested it thoroughly and are convinced that it can be produced if we can get permission to do so.

MR. SPURRIER: The packer is set in it, is not set in pipe?

A. It is set in formation, right.

CHAIRMAN SHEPARD: Does anyone have any objection? Granted.

(Witness dismissed.)

MR. GIRAND: If the Commission, please. This is not set for hearing today. It was set for the 8th and postponed. It is in the matter of the application of the Twin Oil Corporation for an order unitizing the NE/4 NE/4 of Section 4, Township 22 South, Range 37 East. An application for dismissal has been filed. If the Commission wants to grant the motion, it would save further hearing.

MR. GRAHAM: No one joined the Twin Oil Corporation in that motion, Mr. Girand. Was anything else filed?

MR. GIRAND: I can advise you as to the facts of settlement. The Eunice Cemetery Association owned two acres in that quarter, 40 acres. The Twin Oil Corporation had the lease on the two acres. Amerada owned lease rights under 38 acres. The well had been produced shallow and brought in big production. The Twin Oil attempted to unitize its two acres with Amerada's thirty-eight and participate in the production. The Eunice Cemetery Association and Twin Oil Corporation are to receive royalty. The Amerada producer pays royalties. The Twin Oil Corporation had made application for unitization

in order to protect the two acres. The Eunice Cemetery Association had been made a paid-up lease which provided perpetual oil anywhere in quarter section, had been no accounting, so there was threat of cancellation. Eunice Cemetery Association has been paid all back royalties from the operators of the shallow wells.

MR. GRAHAM: How far back?

MR. GIRAND: Average run during time Twin Oil operated lease under shallow formula figured royalty one twentieth of one acre or 1/160.

CHAIRMAN SHEPARD: How much?

MR. GIRAND: We figured that \$500 would amply cover their share of royalties. That forty produced, as I recall, some 35 to 40 thousand barrels during the life of shallow production deal. Amerada deep wells dates back to Eunice to January 1 of this year by agreement. There is some question whether any royalties were due at all to Eunice Cemetery Association.

CHAIRMAN SHEPARD: It will be dismissed.

MR. GIRAND: The Twin Oil Corporation has now assigned its right. Amerada is now the operator.

CHAIRMAN SHEPARD: The meeting stands adjourned.

- - -

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Commission of New Mexico in Santa Fe, New Mexico, on September 20, 1949, at 10:00 A.M., is a true record of such proceedings to the best of my knowledge, skill, and ability.

DATED at Albuquerque, New Mexico, this 28th day of September, 1949.

Margaret Powell
REPORTER

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
R. R. SPURRIER
SECRETARY
 Pub: Sept. 6, 1949.

Case 149
 In the matter of the application of Slick-Moorhead Oil Company, a co-partnership of San Antonio, Texas, for an order approving the Euerfano Unit Agreement, covering 69,122.06 acres in Township 25 North, Ranges 9 and 10 West; Township 26 North, Ranges 9, 10 and 11 West; Township 27 North, Ranges 9, 10 and 11 West, in San Juan County, New Mexico.

Case 150
 In the matter of the application of Rufus G. Gray, an individual, of Fort Worth, Texas, for an order granting permission to drill complete Sec. 20, T14N R10E 1, in SW/4NW/4 Sec. 20, Township 14 North, Range 10 East, T. 14 N. R. 10 E., in the Cooper-Jal pool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on September 1, 1949.

Affidavit of Publication

State of New Mexico }
 County of Santa Fe } ss.

I, Will Harrison, being first duly sworn, declare and say that I am the (~~Business Manager~~) (Editor) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper ~~on one time~~ for one time ~~on one time~~ the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~on one time~~ for one time ~~on one time~~ publication being on the 6th day of September, 1949, and the last publication ~~on one time~~ ~~on one time~~; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

Will Harrison
 Editor-~~Manager~~

Subscribed and sworn to before me this 6th day of September, A.D., 1949
Anna K. Ormsbee
 Notary Public

My Commission expires June 14, 1953

PUBLISHER'S BILL

40 lines, one time at \$ 4.00
 _____ lines, _____ times, \$ _____
 Tax \$ _____
 Total \$ 4.00

Received payment, _____
 By _____

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held September 20, 1949, beginning at 10:00 o'clock A.M., on that day in the City of Santa Fe, New Mexico in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 195

In the matter of the application of Slick-Moorman Oil Company, a co-partnership of San Antonio, Texas, for an order approving the Huerfano Unit Agreement, covering 63,122.05 acres in Township 25 North, Ranges 9 and 10 West; Township 26 North, Ranges 9, 10 and 11 West; Township 27 North, Ranges 9, 10 and 11 West, in San Juan County, New Mexico.

Case 196

In the matter of the application of Rufus G. Clay, an Individual of Fort Worth, Texas for an order granting permission to dually complete Geo. Etz. Well No. 1, in SW/4SW/4 Section 27, Township 23 South, Range 36 East, N.M.P.M. in the Cooper-Jal pool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on September 1, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


R. R. SPURRIER, SECRETARY