

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

July 26, 1962

EXAMINER HEARING

FARMINGTON, N. M.
PHONE 325-1182

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, N. M.
PHONE 243-6691

IN THE MATTER OF:

Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Orders Nos. R-1110, R-1110-A, R-1110-B and R-1110-C defining the horizontal limits of its Square Lake Pool Waterflood Project in Eddy County, New Mexico, establishing rules for the expansion of said waterflood project, and providing for capacity allowables in said water project area.

CASE NO.
2607

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: Case 2607.

MR. DURRETT: Application of Newmont Oil Company for special rules for its Square Lake Pool Waterflood Project, Eddy County, New Mexico.

MR. RUSSELL: John F. Russell of the firm Campbell & Russell, Roswell, New Mexico, representing Newmont Oil Company.

I have one witness.

(Witness sworn.)



EXAMINER UTZ: Any other appearances? You may proceed.

MR. RUSSELL: For the benefit of the Examiner, I would like to state that at the Hearing in Case No. 2566, held on May 23 of this year, the exhibit offered showed the acreage under question here as being included within the waterflood project, on the erroneous assumption that it had been, otherwise it would have been submitted in the same application, and this application is to correct that situation.

C. W. STUMHOFFER,

called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RUSSELL:

Q Will you please state your name and address?

A C. W. Stumhoffer, Fort Worth, Texas.

Q By whom are you employed?

A Newmont Oil Company.

Q What --

EXAMINER UTZ: Spell that name, please.

A S-t-u-m-h-o-f-f-e-r.

Q (by Mr. Russell) In what capacity are you employed?

A As petroleum engineer.

Q Have you previously qualified to give testimony before this Commission?

A No, sir, I haven't.

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Q Will you give a brief resume of your educational and professional background, please?

A I received my Bachelor of Science degree in Petroleum Engineering from the University of Texas in 1935, and since that time I have been working in various phases of waterflood operations in the mid-continent area for various companies, and for the past three years I have been employed by Newmont Oil Company as a petroleum engineer specializing in waterflood operations in Texas and New Mexico.

MR. RUSSELL: Are the witness's qualifications acceptable?

EXAMINER UTZ: Yes, sir, they are.

Q (by Mr. Russell) Are you familiar with the application of Newmont Oil Company which was filed in this case?

A Yes, sir, I am.

Q What do you seek to acquire by this application?

A We seek to expand our existing east Square Lake waterflood project that has been approved under various Commission orders in the past, to include the North half of the Northeast quarter of Section 29, Township 16 South, Range 31 East in Eddy County, New Mexico.

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

Q Referring you to what has been marked as Exhibit 1, was this exhibit prepared by you?

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A Yes, it was.

Q Will you please explain to the Commission what it represents?

A The exhibit shows the existing east Square Lake project as approved and outlined in orange, and the 80 acre tract outlined in yellow is the acreage which we desire to be included in this project.

Q Do you have an operating agreement covering the acreage in question here?

A Yes, we do.

Q Now, there are two wells shown on the tract outlined in yellow. Will you please explain the status of these two wells?

A The Well No. 4 is plugged and abandoned at the present time. It has been since 1951. Well No. 3 was also plugged and abandoned in 1951, but Newmont, since acquiring the property, has re-entered this well and completed it as a producing well from the upper San Andres and lower Grayburg zones.

Q Will you locate for the Examiner the offset injection wells to this acreage?

A We have Well No. 3 Brunning Unit which is located in the Southwest quarter of the Northeast quarter of Section 29, which has been on injection since August of 1961. And we have Well No. 2 Greer Federal, located in the Northeast of the Northwest of Section 29, which was placed on injection this month, July of '62.

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Q In your opinion, is the addition of this acreage to your existing waterflood project a legitimate expansion of this project?

A Yes, it is.

Q In your opinion, will the granting of the request asked for tend to prevent waste and to conserve oil on to this acreage?

A Yes, sir.

Q Now, in the event you are granted the request by the Commission, how do you propose to operate this acreage?

A We propose to operate it as a legitimate expansion of our existing project under Rule 701E except we request exemption from the allowable ruling of Rule 701.

Q All of the other acreage in your approved project has been given exact allowables, has it not?

A Yes, sir.

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

I would like to offer into evidence Applicant's Exhibit No. 1.

EXAMINER UTZ: Without objection, Applicant's Exhibit No. 1 will be entered into the record.

(Whereupon Applicant's Exhibit No. 1 admitted into evidence.)

CROSS EXAMINATION

BY EXAMINER UTZ:

Q Mr. Stumhoffer, did you have the operating agreement



in effect at the time you requested the other 160 in whatever case it was?

A Yes, sir, we did.

Q 2566?

A The date of that agreement was August the 1st, 1961.

Q And it was just inadvertently left out of that application?

A Yes, sir, it was. I think we were under the impression it had been included, and it had not been.

Q Do you know whether or not Newmont has other operating agreements adjacent to this waterflood at this time?

A We have none at the present time, no, sir.

MR. NUTTER: Are any being negotiated at this time?

A We have, just outside of conversations, no, sir, we have not.

Q (by Examiner Utz) Did you intend to make any injection wells on this 80?

A Wes, sir, we propose to make Well No. 4 an injection well.

Q It's now P and A?

A Yes, sir.

Q Are you receiving response from the No. 3 Greer at this time?

A Yes, sir, we are, from water injection to the south.

Q From the No. 3 Brunning Unit?

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A Yes, sir.

Q How soon do you propose to make the No. 4 Greer into an injection well?

A We propose to do it during the last part, last six months of 1962. We haven't set a definite date yet, but we plan to do it this year.

EXAMINER UTZ: Any other questions?

MR. NUTTER: Yes, sir.

CROSS EXAMINATION

BY MR. NUTTER:

Q What is the rate of production on the No. 3 group?

A At the present time 70 BOPD.

Q What's the oil on the pool?

A It's 34 barrels a day.

Q And it's being produced at 34 barrels a day?

A Yes, sir, it is. It has been on production since May, of '62.

Q Did it come in with a potential of 70 BPD when you re-entered?

A It came in a potential of 80 barrels a day, which it dropped to 45 and it's since come back to 70.

Q It's come back up?

A Yes, sir.

EXAMINER UTZ: When did you open that well up?

A In May of 1962.



MR. NUTTER: I have no further questions.

EXAMINER UTZ: Any other questions?

The witness may be excused.

(Witness excused.)

MR. UTZ: Any statements in this case?

MR. DURRETT: Yes, sir. I have a statement which was left with me by Mr. Guy Buell, requesting I read it into the record for Pan American Corporation. With your permission, I will read it at this time.

EXAMINER UTZ: You may read it in the record.

MR. DURRETT: The statement reads as follows:

"Pan American would respectfully direct the Commission's attention to its statement of position made in Case 2566 which was heard only two months ago on May 23, 1962. In that case Newmont Oil Company was also the applicant and then, as is the case here today, Newmont was asking to expand the limits of their Square Lake Pool Waterflood Project with capacity allowables for the expanded area.

"In our statement opposing that request we pointed out that in expanding their project to properties operated by others that Newmont was circumventing the purpose and intent of Rule 701. We would again remind the Commission that the lure of capacity allowables is an extremely persuasive argument in negotiating to take over operation of properties adjacent to Newmont's flood area.

"The trend in New Mexico with respect to capacity water-

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flood allowables, exempt from proration, is an ever increasing one. Unless this trend is reversed, New Mexico could end up in the same unenviable position of some of its neighbor oil producing states where an extremely large portion of market demand is served by production that is completely outside any restraints of proration.

"For these reasons Pan American respectfully urges that the Commission deny Newmont's application for capacity allowables in the expansion area proposed here today." Signed, Guy Buell.

MR. RUSSELL: Mr. Examiner, in response to that statement, I would like to state that the operating agreement covering the North half of the Northeast quarter of Section 29, Township 16 South, Range 31 East, between John M. Fidel and Newmont Oil Company, was executed on August 3rd, 1961.

EXAMINER UTZ: Any other statements?

The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, MARIANNA MEIER, NOTARY PUBLIC in the for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

Marianna Meier

NOTARY PUBLIC

My Commission Expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2607, heard by us on July 26, 1962.

Frank H. [Signature], Examiner
New Mexico Oil Conservation Commission

