

CASE 4722: Application of C. W.
TRAINER FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

Case Number

4722

Application

Transcripts

Small Exhibits

ETC.

dearnley, meier & mc cormick

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
May 17, 1972

EXAMINER HEARING

IN THE MATTER OF:

The Application of C. W. Trainer
for a non-standard gas unit, Lea
County, New Mexico.

CASE NO. 4721

a n d

The Application of C. W. Trainer
for compulsory pooling, Lea County,
New Mexico.

CASE NO. 4722

BEFORE: RICHARD L. STAMETS
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. STAMETS: Case 4721.

2 MR. HATCH: Application of C. W. Trainer for a

3 non-standard gas unit, Lea County.

4 MR. LOSEE: A. J. Losee, Artesia, New Mexico. I

5 would like to move for the purposes of this Hearing that

6 Cases Number 4721 and 4722 be consolidated.

7 MR. HATCH: Cases 4721 and 4722 will be consolidated.

8 Case 4722, Application of C. W. Trainer for compulsory pooling

9 Lea County, New Mexico.

10 MR. STAMETS: Will there be anyone else offering

11 testimony in this case?

12 MR. COOK: Curtis Cook with Texaco, I would like

13 to make a statement but I don't plan to present any Exhibits

14 or offer any testimony.

15 MR. STAMETS: Mr. Losee, you may have your

16 witness sworn.

17 MR. LOSEE: A. J. Losee, appearing in Cases 4721

18 and 4722. We have one witness, Mr. Marvin Gross.

19 * * * * *

20 MARVIN GROSS,

21 was called as a witness and, after being duly sworn, testified

22 as follows:

23 MR. GROSS: Mr. Examiner, I would ask that the

24 Commission take administrative notice of the testimony and

25 Exhibits in Case Number 4630 and Order R-431 which was

1 approved as a non-standard gas unit for the Custer-
2 Ellenburger pool.

3 MR. STAMETS: You may proceed.

4 MR. LOSEE: I didn't hear the Examiner's response
5 to my request to take administrative notice.

6 MR. STAMETS: I don't think he made one, but
7 he will take administrative notice of the same.

8 DIRECT EXAMINATION

9 BY MR. LOSEE:

10 Q State your name and residence, Mr. Gross.

11 A Marvin Gross, Roswell, New Mexico.

12 Q What is your occupation?

13 A Consulting geologist.

14 Q Have you previously testified before this Commission
15 as an expert witness and had your qualifications made
16 a matter of record?

17 A Yes, sir.

18 MR. LOSEE: Are Mr. Gross' qualifications
19 acceptable?

20 MR. STAMETS: They are.

21 Q (By Mr. LOsee) Mr. Gross, would you explain the
22 purpose of the Application in Case 4721?

23 A The purpose of the Application in Case 4721 is to
24 pool the mineral interests --

25 Q No, you have them mixed up.

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1 A The purpose is to seek a non-standard proration
2 unit for a well to be drilled in Lea County, New
3 Mexico. Applicant in this cause, seeks approval of
4 a 316.9 acre non-standard gas spacing unit comprising
5 Lots 1 and 2 and E/2 W/2 of Section 31, Township 24
6 South, Range 37 East, and lots 2 and 3 of Section 6,
7 Township 25 South, Range 37 East, undesignated
8 Fusselman and Devonian gas pools, Lea County, New
9 Mexico, to be dedicated to his Sherrell Well No. 1
10 located 660 feet from the south line and 1590 feet
11 from the west line of said Section 31.

12 Q Actual non-standard drilling unit, gas drilling unit;
13 is it not?

14 A Yes, it conforms with a previously approved Ellenburger
15 Order.

16 Q What is the purpose of the Application in 4722?

17 A Application of C. W. Trainer for compulsory pooling,
18 Lea County, New Mexico. Applicant, in this cause,
19 seeks an order pooling all mineral interests in the
20 Devonian, Fusselman and Ellenburger formations
21 underlying Lots 1 and 2 and E/2 W/2 of Section 31,
22 Township 24 South, Range 37 East, and Lots 2 and 3 of
23 Section 6, Township 25 South, Range 37 East, Custer
24 Field, Lea County, New Mexico, to form a 316.9 acre
25 non-standard spacing unit for the production of gas

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1 from said formations, to be dedicated to his Sherrell
2 Well No. 1 located 660 feet from the south line and
3 1590 feet from the West line of said Section 31.
4 Q Now, we have asked the Commissioner to take
5 administrative notice of the Order entered in December
6 or January of this year, Order R-431; what did the
7 Commission approve in that Order?
8 A The Commission approved -- do you mean the acreage?
9 Q What was approved?
10 A The NW of 31; the E/2 of the SW of 31, and Lots 2 and
11 3 of Section 6, Township 25, Range 37.
12 Q Actually, that is the same acreage that is the subject
13 of Case 4721; is it not?
14 A Yes, sir.
15 Q And the Order approved non-standard gas units for
16 the Ellenberger formation comprising this same 316.9
17 acres?
18 A Correct.
19 Q And approved the location of the Sherrell Number 1 as
20 being 1590 feet from the west and 660 feet from the
21 south line?
22 A That is correct.
23 Q Has that operation been commenced on that well?
24 A Yes, it has.
25 Q They are actually moving in at this time?

1 A Yes, sir.

2 Q Now, let me ask you, Mr. Gross, why was the Fusselman,
3 which is one of the formations that is the subject of
4 this Application, not included in the prior application?

5 A At the time, we did not consider it a serious
6 potential producer because the Shell Well tested
7 water from the top of the Fusselman zone.

8 Since this prior hearing, Allied Chemical has
9 made a discovery in the Devonian field to the south
10 and the Fusselman is producing from the intermittent
11 structures. They got water tests and gas tests
12 and these tests show water and gas and oil at high
13 levels in the Fusselman horizon.

14 Therefore, we have gone back and reanalyzed the
15 Shell well and from all the information we have gotten
16 we feel the Shell well would have produced from the
17 Fusselman formation -- or will produce from the
18 Fusselman if it is perforated.

19 MR. STAMETS: Would you identify the discovery
20 you are talking about?

21 THE WITNESS: Yes, it is in --

22 MR. LOSEE: We have an Exhibit that will
23 partially cover it.

24 THE WITNESS: It is in the SE of the SW of
25 Section 28, Township 25 South, Range 37. It is the large

1 structure in the south center of this map (indicating).

2 MR. STAMETS: In the very center?

3 THE WITNESS: Well, it is in the SE of the SW
4 of Section 28.

5 Q (By Mr. Losee) What is the producing formation of
6 that well?

7 A The Fusselman.

8 Q Please refer to what has been marked as Exhibit 1 and
9 explain what is shown on this plat.

10 A This is a survey plat prepared by John West showing
11 our proposed unit and the proposed location with the
12 acreage and it adds up to 316.9 acres.

13 Q And you will own the entire working interest in the
14 316.9 acre unit?

15 A Yes, sir.

16 Q Now, why was the W/2 of the SW of Section 31 excluded
17 from this unit?

18 A This is Texaco acreage which is in a unit comprising
19 several sections and is participating in this Shell
20 well which has been producing from the Ellenburger
21 formation for some ten years.

22 Q You say it is Texaco acreage; did you request a farm-
23 out on it?

24 A Yes, we did -- let me revamp that statement. It
25 is Texaco acreage, however, Shell is the operator of

1 the unit.

2 Q And when you asked Texaco, did they instruct you to
3 correspond with Shell with respect to your request
4 for a farm-out?

5 A Yes, they did.

6 Q And did they reject the farm-out request on July 23rd,
7 of last year?

8 A Yes, sir.

9 Q Please refer to what has been marked as Exhibit 2
10 and explain what is shown on this map.

11 A Exhibit 2 is a subsurface map contoured on the
12 Devonian, the west portion, and on the Ellenburger,
13 the eastern portion. The difference in the contour
14 is due to the lack of Ellenburger control in the
15 western part of the map. Your close by field is
16 producing from the Devonian and you have more
17 Devonian points in the area that we are interested
18 in, than you do have Ellenburger points, and the
19 Devonian will reflect the Ellenburger structure shows
20 a NW-SE trend through our location in line with the
21 close by fields.

22 This structural trend lines up with the
23 well known Fusselman trend to the east.

24 You have a producing Ellenburger well in
25 Section 36, the NE of Section 36, and you have a dry

1 hole in the SW, SE of Section 25. Immediately
2 NE of the Shell well, and approximately a mile
3 south of the Shell well in Section 6 -- Section 1
4 in the NW of the NW you have a Continental Oil dry
5 hole and an Ellenburger dry hole.

6 Q Those are three known points in your contour?

7 A Yes.

8 Q Please refer to what has been marked Exhibit 3 and
9 explain what is shown on this map.

10 A Exhibit 3 is a contour map of the Yates which gives
11 us much better control since there is a well
12 approximately every 40 acres.

13 As you can see, this will reflect the deep trend
14 in the Justice field and our trend. These trends do
15 not necessarily coincide.

16 Q Mr. Gross, I have a question I want to ask you about
17 Exhibit 2. Will you point out or name the fields
18 if you can, which produce from the Devonian and from
19 the Fusselman, as shown on this map, Exhibit Number 2.

20 A The close by field in the south of our area produces
21 from the Fusselman and the Devonian. The three
22 structures on the east side of the map are Fusselman-
23 Ellenburger.

24 Q Do they produce out of the Devonian?

25 A No, the Devonian is absent in that area.

1 Q There is some Devonian in between them?

2 A Yes, but I don't know whether there is producing or
3 not.

4 Q Well, at least the Fusselman produces on those three?

5 A Yes.

6 Q Please refer to what has been marked as Exhibit 4 and
7 explain what is shown by this Exhibit.

8 A This is a cross-section through the three deep pits
9 in the vicinity of our location from the Continental
10 Oil dry hole through the Shell producer into the
11 Apache well which stops at the Devonian and as you can
12 see from the Shell well, the center log there shows
13 they did get water and did get a test out of the top
14 of the Fusselman.

15 I have put a sample log, or a copy of a sample
16 log of the Shell well, beside it, and as you can see,
17 there are numerous shows through the section which
18 is visual evidence of porosity in the Fusselman.

19 The logs in the Fusselman show the water to
20 be 10 to 12 percent until you get down into the zone
21 from 1174 to 1176 and then your water jumps up to
22 66 percent and this is in the vicinity where Allied
23 Chemical got all of their water. They did get water
24 at the top and they also got a couple of stringers
25 in between, but the zones correlate and we feel this

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1 well, if perforated, would produce from the
2 Fusselman.

3 Q Would you tell me about the drill stem test in the
4 Devonian on the Shell well?

5 A The Shell well on 23 feet of the Devonian showed
6 they got gas in 5 minutes at a flow rate of 2500 MCF
7 per day with an initial shut-in pressure of 4000
8 pounds.

9 The Packer Leakage Test, after 13 minutes and
10 the final shut-in failed, but from the log interpretation
11 and from what information we can obtain from the
12 DST, it appears that the Shell well would produce from
13 the Devonian.

14 There is Devonian gas there that we would like to
15 produce. They have not attempted to perforate the
16 Section and test it to date.

17 Q As I understand your testimony with respect to the
18 Fusselman, it is your testimony that you discounted
19 it when you presented your previous application
20 because of the water at the top of the Fusselman
21 but when the Allied Chemical discovery was made, you
22 then took a second look at the Fusselman and Shell
23 well?

24 A That is correct. This was the first time we have
25 noticed this in the general area in the Fusselman

1 formation, that is water and oil commingled in the
2 formation itself.

3 Q In the zone?

4 A In the zone.

5 Q Mr. Gross, do you have an opinion as to whether or
6 not it is a reasonable possibility that the Devonian
7 and Fusselman would produce in the Sherrell well that
8 operation has commenced on?

9 A Yes, I definitely think it will because from our
10 information we feel the Fusselman and the Devonian
11 will produce in the Sherrell.

12 Q Do you have an opinion as to whether the Sherrell well
13 will efficiently and economically drain the Devonian
14 and Fusselman formation underlying the proposed 360
15 acre non-standard gas unit?

16 A Yes, I think it will drain effectively.

17 Q In connection with your earlier Application, did you
18 consider creating forced pooling in the W/2 of the
19 SW?

20 A No, sir.

21 Q Of Section 31?

22 A No, sir. Because this well is going to cost us around
23 \$375,000 and with that type of expenditure, if you
24 had to force pool someone, with the penalty clause
25 that you probably would get, it would be uneconomical

1 for us to have done it and it would have made it
2 impossible for us to raise the money to drill the well.

3 Q Actually at this point in time, you have sought to
4 trade to third parties and Mr. Trainer is drilling
5 the well on this non-standard basis?

6 A Yes, we are.

7 Q Earlier you discussed the working interest that
8 Shell has in connection with the well to the east; is
9 that working interest unit of record?

10 A No, we could find nothing of record as to the N/2 of
11 Section 36 being dedicated to the well as far as
12 mineral ownership is concerned.

13 Q In other words, the working interest of this 80 acre
14 tract producing from the Ellenburger is through the
15 Shell well?

16 A Yes, sir.

17 Q Please refer to what has been marked as Exhibit 5
18 and explain what is shown on this Exhibit.

19 A It is a list of mineral owners encompassing the E/2
20 of the SW of Section 31 and lots 2 and 3 of Section 6.
21 There are several of them, I haven't counted them.

22 Q The first five pages consist of royalty owners
23 underlying the south portion of your unit and the
24 latter part the NE/4?

25 A The NW of Section 31, yes.

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- 1 Q And the Martin lease is covered by farm-outs to you
2 from Scope Industries and from Cities Service?
3 A Yes, and the portion in the south is covered by a
4 farm-out from Skelly.
5 Q And these two sheets show the production underlying
6 this unit (indicating).
7 A That's right.
8 Q And these are fee leases; is that correct?
9 A That is correct.
10 Q And these are old fee leases without any pooling
11 clauses?
12 A Yes, sir.
13 Q Some of these mineral owners have not been located by
14 the purchaser for many years and such interests are
15 in suspension; is that correct?
16 A Yes, sir.
17 Q You have not actually contacted each of these owners
18 about pooling?
19 A No, we haven't but some of the owners have been in
20 suspension for several years and it would be almost
21 a futile effort to make that attempt.
22 Q Well, if you cannot find them, it would be impossible
23 to get them to sign any pooling agreement?
24 A Yes, sir.
25 Q And you own all the working interests under your unit?

1 A Yes, sir.

2 Q Were Exhibits 1 through 5 -- 1 through 4 prepared by
3 you or under your supervision?

4 A Yes, sir.

5 Q And Exhibit 5 is a sheet furnished by the purchaser
6 of production?

7 A Yes, sir.

8 MR. LOSEE: We move the introduction of Exhibits
9 1 through 5.

10 MR. STAMETS: Is there any opposition to the
11 introduction of these Exhibits?

12 (No response.)

13 MR. STAMETS: They will be so admitted.

14 (Whereupon, Applicant's Exhibits 1 through 5
15 were admitted in evidence.)

16 MR. LOSEE: I have no further direct examination
17 of this witness.

18 MR. STAMETS: Are there any questions of this
19 witness?

20 * * * * *

21 CROSS-EXAMINATION

22 BY MR. STAMETS:

23 Q I don't think you made it very clear, Mr. Gross, what
24 attempts have you actually made to contact these
25 royalty interest owners to get their consent?

1 A We made no attempt, however, due to the fact that
2 there are some that have been in suspension for
3 some years, Skelly couldn't find them, and of course,
4 we wouldn't be able to locate them to pool them.

5 Q But you made no attempt?

6 A No, sir.

7 Q Do you know which ones on the list are in suspension?

8 A I don't know. Mr. Losee may because he has examined
9 titles.

10 Q And it is your understanding that Skelly could not
11 locate these people?

12 MR. HATCH: You have not attempted to go through
13 the procedure set up by the Legislature in 653-13-1, to
14 get the Court to authorize the pooling?

15 MR. LOSEE: We have not done so, it is our
16 position in connection with this information, that it
17 would be impossible for us to obtain effective pooling of
18 this acreage in the NW/4. There is no way for us to
19 effectively do so because there are people we cannot locate --
20 Skelly has not been able to locate.

21 MR. HATCH: The reason I am pointing this out is
22 in many cases, the Commission has inquired into this, but
23 the Commission, I don't think, wants to get into this job.

24 MR. LOSEE: I can see that.

25 Q (By Mr. Stamets) Mr. Gross, is the W/2 of the SW/4

1 of Section 31, Township 25 South, Range 36 East,
2 dedicated to a well producing in the Devonian,
3 the Fusselman, or the Ellenburger?

4 A The Ellenburger.

5 Q Which well is that?

6 A The Shell gas well in the NE of the NW of Section 36;
7 the one that has 6555 after it.

8 Q Do you offhand know what the boundaries of the
9 dedicated acreage to that well are?

10 A It is my understanding that it encompasses the N/2
11 of Section 36.

12 Q And that is an Ellenburger well?

13 A Yes.

14 Q Would there have been any reason why you could not
15 have brought forced pooling to force pool this 75
16 acres in the unit comprising the W/2 of Section 31?

17 A It would not be economical for us to drill a well
18 there and carry Texaco and Shell for a one-quarter
19 interest. Our people would not put the money
20 up to drill a well under those circumstances.

21 Q Mr. Gross, when we have forced pooling, provisions
22 are made to pay for the drilling of the well, and
23 usually for the penalty factor as well. I am not
24 sure why this one-fourth would make the well un-
25 economical?

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1 A We figured we would get a non-standard proration
2 unit for the Ellenburger formation and that there
3 are approximately 12 billion cubic feet in the
4 Ellenburger reservoir and we felt like if we shared
5 this we would get 6 million if we got half of the
6 gas and our economics showed that it would not be
7 profitable for us to carry Shell and Texaco for
8 one-fourth of the well and put up the money and
9 drill it.

10 Even though we would get a 125 percent penalty
11 factor it still wouldn't be economical for us to
12 drill a well and give them one-fourth of it.

13 They have been sitting there getting our gas
14 for ten years anyway.

15 Q After the well was paid out, you would still be
16 eligible for three-quarters of the profits; isn't that
17 right?

18 A Yes, but that would seriously lower our rate of
19 return.

20 Q I don't recall there being any evidence presented
21 to that effect, to show what the economics would
22 be under this set of circumstances.

23 A We didn't do that on this case. Maybe that was our
24 mistake, we did it on the previous case, the previous
25 Ellenburger case, but we have no way of knowing what

1 the reserves are going to be. Our information on
2 the Ellenburger was that if we could get a non-
3 standard proration unit, our rate of return would
4 be 3 and 1/2 to 1; with forced pooling it would be
5 about 2 and 3/4 to 1. That is a great difference
6 when you are spending \$364,000.

7 Q Did you give any consideration to forming a
8 non-standard unit?

9 A This would not entitle us to a full allowable under
10 the rules, I don't think.

11 Q Is this a prorated field?

12 A No, sir, it is not. We did originally file for a
13 nonstandard unit.

14 Q Unless the penalty factor was instituted, in all
15 likelihood, there would be no difference in the amount
16 of gas that you would be allowed to produce; is that
17 a fair statement?

18 A Well, I don't know what the Commission will allow.

19 Q I don't understand your structure map, will your
20 well location be approximately in the center of that
21 80 acres?

22 A Do you mean just to the east, several hundred feet?

23 Q Yes.

24 A Well, we geologists always like to locate a well
25 in the optimum position on our structure and we feel

1 this location will more effectively drain our
2 acreage than a well location to the east would.

3 Plus the fact that there may be some faulting
4 in that area and we wanted to stay as far away from
5 that as we possibly could.

6 Q You still would be within the contour line; wouldn't
7 you?

8 A Yes, sir.

9 Q Would there be much additional expense as far as
10 road building is concerned if it were to the east?

11 A Yes, we spent \$3,500 building our location when we
12 rebuilt it.

13 MR. STAMETS: That's all the questions I have.

14 * * * * *

15 REDIRECT EXAMINATION

16 BY MR. LOSEE:

17 Q The economics on this well are actually a part of the
18 file in Case 4630; are they not?

19 A Yes, sir.

20 Q How many investors have agreed to put up the \$500,000
21 to drill the well?

22 A Eight.

23 Q An authorization for drilling is based upon an
24 agreement that it be drilled in this location under
25 the non-standard unit authorized in Order 4231?

1 A Yes, sir.

2 Q And this was sold to them on that basis?

3 A Yes, sir.

4 MR. LOSEE: I think that's all I have.

5 MR. STAMETS: Any other questions?

6 (No response.)

7 MR. STAMETS: The witness may be excused.

8 (Witness excused.)

9 MR. STAMETS: Any statements?

10 MR. COOK: Yes. Curtis Cook with Texaco, Inc.

11 Texaco objects to the Number 1 Sherrell because it is
12 located 333 feet from the unit boundary and Texaco contends
13 that that would be in violation of Commission Order 104-B
14 by virtue of the fact that the well should be located 660
15 feet from the outer edge of the tract.

16 Texaco recommends that the location be moved to
17 660 feet from the edge of the boundary.

18 MR. LOSEE: I have no statement.

19 MR. STAMETS: The case will be taken under
20 advisement.

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter
5 in and for the Courty of Bernalillo, State of New Mexico,
6 do hereby certify that the foregoing and attached Transcript
7 of Hearing before the New Mexico Oil Conservation Commission
8 was reported by me; and that the same is a true and correct
9 record of the said proceedings to the best of my knowledge,
10 skill and ability.

11 *Richard E. McCormick*
12 CERTIFIED SHORTHAND REPORTER
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22 I hereby certify that the foregoing is a true and correct
23 transcript of the proceedings of the hearing of Case No. 4722
24 held by me on May 12, 1972
25 *Richard E. McCormick*, Reporter
New Mexico Oil Conservation Commission

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I N D E X

WITNESS:

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MARVIN GROSS

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E X H I B I T S

APPLICANT'S (C.W. Trainer)

OFFERED

ADMITTED

Exhibit Number 1	8	16
Exhibit Number 2	9	16
Exhibit Number 3	10	16
Exhibit Number 4	11	16
Exhibit Number 5	14	16



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

June 7, 1972

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMijo
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. A. J. Losee
Losee & Carson
Attorneys at Law
Post Office Drawer 239
Artesia, New Mexico 88210

Re: Case No. 4722
Order No. R-4322
Applicant:
C. W. Trainer

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other Mr. Curtis Cook - Texaco Inc. Box 728, Hobbs, N.M.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4722
Order No. R-4322

APPLICATION OF C. W. TRAINER
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 17, 1972, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of June, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, C. W. Trainer, seeks an order pooling all mineral interests in a 316.9-acre non-standard gas spacing and proration unit in the Devonian, Fusselman and Ellenburger Pools underlying Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, Custer Field, Lea County, New Mexico.
- (3) That the applicant has the right and proposes to drill a well 660 feet from the South line and 1590 feet from the West line of said Section 31 to the Devonian, Fusselman and Ellenburger formations, and to dedicate thereto a 316.9-acre non-standard gas spacing and proration unit consisting of Lots 1 and 2 and E/2 W/2 of said Section 31 and Lots 2 and 3 of said Section 6.
- (4) That there are interest owners in the proposed spacing and proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive

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CASE NO. 4722
Order No. R-4322

without unnecessary expense his just and fair share of the oil in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian, Fusselman and Ellenburger Pools underlying Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, Custer Field, Lea County, New Mexico, are hereby pooled to form a 316.9-acre gas spacing and proration unit to be dedicated to the Sherrell Well No. 1 to be located 660 feet from the South line and 1590 feet from the West line of said Section 31.

(2) That C. W. Trainer is hereby designated the operator of the subject well and unit.

(3) That any well costs or charges which are to be paid of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(4) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

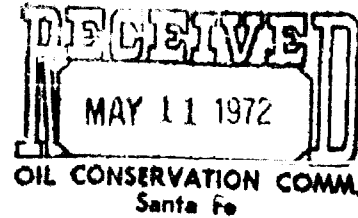
DONE at Santa Fe, New Mexico, on the day and year herein-
abovesigned.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
C. W. TRAINER FOR COMPULSORY POOLING,) Case No. 4722
LEA COUNTY, NEW MEXICO)

APPLICATION

COMES C. W. TRAINER, by his attorneys, and in support
hereof, respectfully states:

1. That applicant is the owner and operator of the
entire working interest in the Devonian, Fusselman and Ellen-
burger formations underlying the following lands in Lea County,
New Mexico, to-wit:

Township 24 South, Range 37 East, N.M.P.M.

Section 31: Lots 1 and 2, E/2 W/2

Township 25 South, Range 37 East, N.M.P.M.

Section 6: Lots 2 and 3

containing 316.9 acres, more or less,
and proposes to drill his Sherrell No. 1 Well to test said
three formations at a location 660 feet from the South line
and 1,590 feet from the West line of said Section 31, and to
dedicate the above described 316.9 acres as a non-standard
gas spacing unit for said well.

2. The mineral and royalty owners of the separately
owned tract or tracts within the proposed gas spacing unit
have not agreed to pool their interests with applicant.

3. That all mineral and royalty interests, whatever
they may be, in the Devonian, Fusselman and Ellenburger forma-
tions underlying the above described 316.9-acre non-standard
gas spacing unit dedicated to the Sherrell No. 1 Well, should

be pooled to avoid the drilling of unnecessary wells, to protect correlative rights and to afford the owner of each such interest the opportunity to recover or receive their just and fair share of the gas in said formations underlying said spacing unit.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing, the Commission enter its order pooling all mineral and royalty interests, whatever they may be, in the Devonian, Fusselman and Ellenburger formations underlying Lots 1 and 2, E/2 W/2, Section 31, Township 24 South, Range 37 East, and Lots 2 and 3, Section 6, Township 25 South, Range 37 East, N.M.P.M., to form a 316.9-acre non-standard gas spacing unit to be dedicated to the Sherrell No. 1 Well at a non-standard location 660 feet from the South line and 1,590 feet from the West line of said Section 31.

C. And for such other relief as may be just in the premises.

C. W. TRAINER

By: 

Losee & Carson
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Applicant

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF C. W. TRAINER
FOR COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.

CASE No. 4722

Order No. R-4322

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 17, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of May, 19⁷², the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, C. W. Trainer, seeks an order
a 316.9 acre non-turbid gas spacing and production unit in
pooling all mineral interests in the Devonian, Fusselman and
Ellenburger Pools underlying Lots 1 and 2 and E/2 W/2 of Sec-
tion 31, Township 24 South, Range 37 East, and Lots 2 and 3 of
Section 6, Township 25 South, Range 37 East, Custer Field, Lea
County, New Mexico.

(3) That the applicant has the right to drill in the above-
~~described Sections 31 and 6~~ ^{a well} and has drilled his Sherrell Well

~~No. 1~~ 660 feet from the South line and 1590 feet from the West
line of said Section 31, ^{to the Devonian, Eagleman, and Alluvium} ~~and the Devonian, Eagleman, and Alluvium~~ ^{a 316.9 acre}

*non-standard gas spacing and protection unit
consisting of Lots 1 and 2 and
E/2W/2 of said Section 31 and
lots 2 and 3 of said Section 6.*

all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator
of the subject well and unit.

out (7) That any non-consenting working interest owner should
be afforded the opportunity to pay his share of actual well
costs to the operator in lieu of paying his share of reasonable
well costs out of production.

out (8) That any non-consenting working interest owner that
does not pay his share of actual well costs should have withheld
from production his share of the reasonable well costs plus an
additional 25% thereof as a reasonable charge for the risk
involved in the drilling of the well.

out (9) That any non-consenting interest owner should be
afforded the opportunity to object to the actual well costs
but that said actual well costs should be adopted as the
reasonable well costs in the absence of such objection.

out (10) That \$115.00 per month should be fixed as a reasonable
charge for supervision (combined fixed rates) for the subject
well; that the operator should be authorized to withhold from
production the proportionate share of such supervision charge
attributable to each non-consenting working interest, and in
addition thereto, the operator should be authorized to withhold
from production the proportionate share of actual expenditures

required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

7(11) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian, Fusselman and Ellenburger Pools underlying Lots 1 and 2 and E/2 W/2 of Section 31, Township 24 South, Range 37 East, and Lots 2 and 3 of Section 6, Township 25 South, Range 37 East, Custer Field, Lea County, New Mexico, are hereby pooled to form a 316.9-acre ⁵⁴⁵oil spacing and proration unit to be dedicated to the Sherrell Well No. 1 ^{to be} located in ~~the~~ 660 feet ~~from the south line and 1590 feet from the west line~~ of said Section 31.

(2) That C. W. Trainer is hereby designated the operator of the subject well and unit.

(3) That the operator shall furnish the Commission and each known working interest owner in the subject unit an itemized schedule of actual well costs within 30 days following the date of this order; that if no objection to the actual well costs is received by the Commission and the Commission has not objected within 60 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 60-day period, the Commission will determine reasonable well costs after public notice and hearing.

(4) That within 60 days from the date the schedule of said actual well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of said actual well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of said actual well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of said actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 25% of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of actual well costs within 60 days from the date the schedule of actual well costs is furnished to him.

(6) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(7) That \$115.00 per month is hereby fixed as a reasonable charge for supervision (combined fixed rates) for the subject well; that the operator is hereby authorized to withhold from production the proportionate share of such supervision charge attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(8) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

3 (9) That any well costs or charges which are to be paid of production shall be withheld only from the working interests' share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

4 (10) That all proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Commission of the name and address of said escrow agent within 90 days from the date of this order.

5 (11) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

Case file 4721
Missing 2/1

CASE, file 9722
MISSING 11

CASE 4723: Application of BLACK
RIVER CORP. FOR POOL ABOLISHMENT,
CREATE 2 GAS POOLS & A DUAL.

Jan. 1915