

NOT AN OIL OR GAS WELL LOCATION  
(State Well No. 1-B - Garret County)

Case No.

1684

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Application, Transcript,  
Small Exhibits, Etc.

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. 1684  
Order No. R-1420

APPLICATION OF HONOLULU OIL  
CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION FOR A WELL  
IN THE CHISUM-YATES GAS POOL,  
CHAVES COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 3, 1959, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 7<sup>th</sup> day of June, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Honolulu Oil Corporation, is the owner and operator of the State Well No. 1-B, located 1830 feet from the South line and 2130 feet from the East line of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico.
- (3) That said State Well No. 1-B was originally drilled as a stratigraphic test and was not projected as a producing well.
- (4) That the applicant requests approval for said unorthodox location.
- (5) That no offset operator objected to the subject application.
- (6) That approval of the subject application will neither cause waste nor impair correlative rights.

-2-

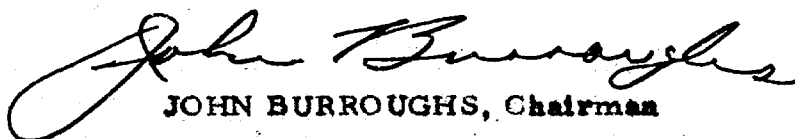
Case No. 1684  
Order No. R-1420

**IT IS THEREFORE ORDERED:**

That the unorthodox gas well location of the applicant's State Well No. 1-B in the Chisum-Yates Gas Pool at a point 1830 feet from the South line and 2130 feet from the East line of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico, be and the same is hereby approved.

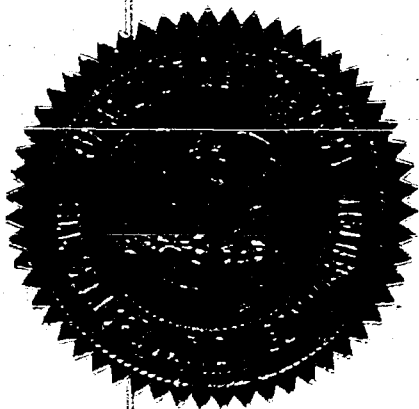
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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



vem/

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

C  
O  
P  
Y

June 10, 1959

Mr. Sim Christy  
Harvey, Dow & Hinkle  
Box 547  
Roswell, New Mexico

Dear Mr. Christy:

On behalf of your client, Honolulu Oil Corporation,  
we enclose two copies of Order No. R-1420 issued by  
the Oil Conservation Commission on June 9, 1959.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir

Enclosures

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 6-3-59

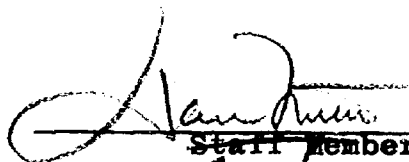
CASE NO. 1684

HEARING DATE 9 a.m. 6-3-59

DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an Order authorizing the unorthodox location for applicant's State of New Mexico Well No. 1-B, which is 1830 feet from the South line and 2130 feet from the East line of Section 13, Township 11 South, Range 27 East, Chaves County. Basis for granting the non-standard location will be that the well was originally drilled as a stratigraphic test and was not anticipated as a producing well.

  
Staff member  
SKanner

DOCKET: EXAMINER HEARING JUNE 3, 1959

OIL CONSERVATION COMMISSION, 9 a.m., MABRY HALL, STATE CAPITOL, SANTA FE

The following cases will be heard before Daniel S. Nutter, Examiner,  
or A. L. Porter, Jr., Secretary-Director.

- CASE 1661: (Readvertisement) (Continued Case)  
Application of Pan American Petroleum Corporation for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its W. H. Turner No. 1 located in the SE/4 SE/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont producing interval adjacent to the Eumont Pool and the production of oil from the Drinkard Pool. Applicant proposes to utilize a retrievable-type packer in said well.
- CASE 1682: Application of Continental Oil Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks an order authorizing it to commingle the oil production from the Blinbry Oil Pool and the Tubb Gas Pool, from wells located in the E/2 NE/4 and the NE/4 SE/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 1687: Application of Continental Oil Company for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Britt B-15 Well No. 9, located in the NW/4 SE/4 of Section 15, Township 20 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb formation and the production of oil from the Drinkard formation through parallel strings of tubing.
- CASE 1683: Application of Gulf Oil Corporation for a non-standard gas proration unit and for an order force pooling the interests therein. Applicant, in the above-styled cause, seeks the establishment of a 477-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the N/2 and the SE/4 of Section 19, Township 19 South, Range 37 East, Lea County, New Mexico, to be dedicated to applicant's B. V. Culp "A" Well No. 3, located 1980 feet from the North and West lines of said Section 19. Applicant further seeks an order force pooling the interests of those in said non-standard gas proration unit who have gas rights within the vertical limits of the Eumont Gas Pool.
- CASE 1684: Application of Honolulu Oil Corporation for an unorthodox gas well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox gas well location in an undesignated Yates gas pool for its State Well No. 1-B, located 1830 feet from the South line and 2130 feet from the East line of Section 13, Township 11 South, Range 27 East, Chaves County, New Mexico.
- CASE 1685: Application of El Paso Natural Gas Company for permission to conduct maximum pressure build-up tests and for non-cancellation and/or transfer of allowables for test wells. Applicant, in the above-styled cause, seeks an order authorizing it to conduct maximum pressure build-up tests on nineteen (19) gas wells in the Blanco Mesaverde, Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs and South Blanco-Pictured Cliffs Pools in San Juan and Rio

Arriba Counties, New Mexico. Applicant further requests the non-cancellation of allowables accruing to test wells during the test period and for authorization to transfer said allowables to other wells on the same basic lease, and for such other relief as is necessary to properly conduct said tests including establishment of an administrative procedure for approval of substitute tests.

CASE 1686:

Application of Skelly Oil Company for the establishment of a new gas pool for Atoka production, and for the adoption of Special Rules and Regulations in connection therewith. Applicant, in the above-styled cause, seeks the establishment of a new pool for Atoka production comprising the E/2 of Section 11 and the W/2 of Section 12, Township 16 South, Range 33 East, Lea County, New Mexico, and the Establishment of Special Rules and Regulations therefor including 640-acre spacing for said pool.

CASE 1688:

Application of Anderson-Prichard Oil Corporation for a dual completion. Applicant, in the above-styled cause, seeks an order authorizing it to dually complete its State "A-28" Well No. 1, located in the SE/4 NE/4 Section 28, Township 26 South, Range 37 East, Lea County, New Mexico, in such a manner as to produce gas from the Yates formation in the Rhodes Storage Area, Jalmat Gas Pool, through the casing-tubing annulus, and to produce oil from the Seven Rivers formation through tubing.



Case 1684

# HONOLULU OIL CORPORATION

P. O. DRAWER 1391  
MIDLAND, TEXAS

April 30, 1959

*Chesum-Yates  
Gas Pool*

*June 3  
Examined  
Hearing*

*Handwritten notes and signatures, including "Yates Gas Pool" and "Hearing".*

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary

Gentlemen:

Honolulu Oil Corporation respectfully requests the New Mexico Oil Conservation Commission to call a Hearing for the purpose of receiving evidence in support of Honolulu's application for exemption to the Commission Rule prohibiting the location of a gas well closer than 660 feet to the outer boundary of the quarter section upon which it is located.

An order approving the location of the Honolulu Oil Corporation State of New Mexico Well No. 1-B will be requested. This well is located 1830 feet from the South line and 2130 feet from the East line of Section 13, T-11-S, R-27-E, NMPM, Chaves County, New Mexico.

This well was originally drilled as a stratigraphic test to the Yates Sand and not as an anticipated oil or gas producer. However, a small amount of gas was encountered in the Yates Sand and 7" casing was run and cemented at 200 feet with 50 sacks. The cement was circulated to the surface. Initial tests on this well determined that this well was non-commercial as indicated by the following data obtained during an open flow test:

Shut in pressure	16 psig
Stabilized flow	54.4 MCFD
Flowing pressure	3.0 psig
Heating value (Calc.)	543 BTU/cuft.
Nitrogen content	49% by volume

*Docket  
Mailed  
5-20-59*

This gas is unsuitable for pipeline sale because of extremely low delivery pressure, deliverable gas volume, low heating value and high inert (nitrogen) content. There is, however, sufficient gas to meet a portion of the lease use gas requirements associated with oil production from this same lease. Permission is therefore requested to use produced gas from this well for fuel for pumping engines on oil wells on the State Lease B-8385.

Very truly yours,

HONOLULU OIL CORPORATION

By

*F. C. Edwards*

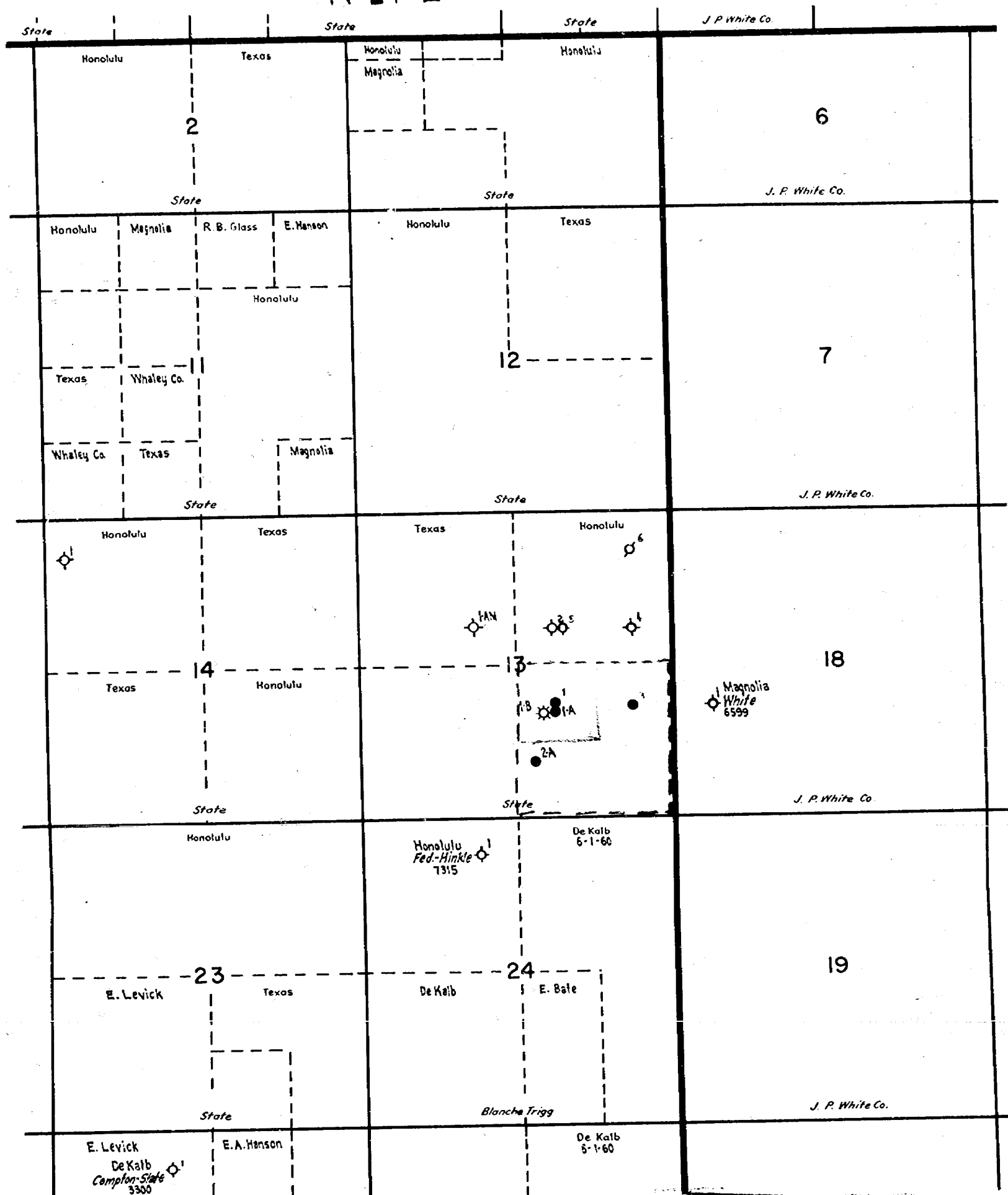
F. C. Edwards

Assistant Division Manager

FCE:ect:jd

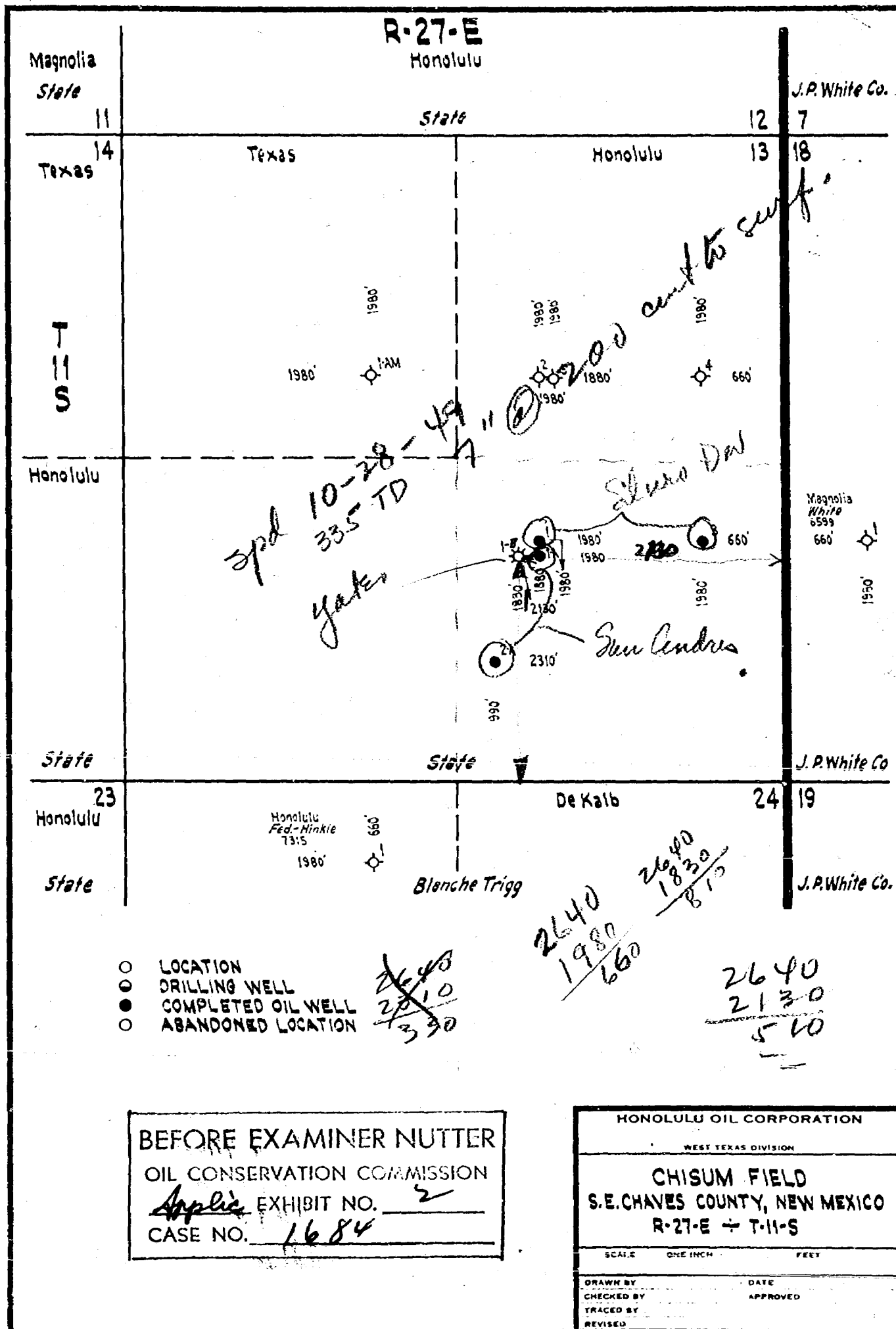
R-27-E

T-11-S



CHISUM FIELD  
 S.E. CHAVES COUNTY, NEW MEXICO  
 R-27-E - T-11-S

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. 1  
 CASE NO. 1684



CABLE ADDRESS "BAYBOLTSIL"  
ALL CODES USED—SPECIFY

LABORATORIES AT ELIZABETH, N. J.,  
PHILADELPHIA, WHITING, IND.,  
NEW ORLEANS, HOUSTON, CORPUS  
CHRISTI, WILMINGTON, CALIF.,  
SEATTLE, ARNDA, N. W. I. AND  
MUSKOGEE, OKLA.

INSPECTION OF BULK CARRIERS  
AND LABORATORY ANALYSIS.  
SPECIALISTS IN TANK CALIBRATING

**E. W. BAYBOLT & CO.**  
CHAS. H. SMYTHE-JES. H. MESSER MEMBERS  
OF THE FIRM APPROVED AND LICENSED  
BY THE NEW YORK PRODUCE EXCHANGE

**INSPECTORS OF PETROLEUM**

EAST COAST DIVISION  
365 BAYVIEW  
ELIZABETH, N. J.

WEST COAST DIVISION  
659 AVALEN BOULEVARD  
WILMINGTON, CALIF.

GULF COAST DIVISION  
PETROLEUM BUILDING  
HOUSTON, TEX.

**CERTIFICATE OF ANALYSIS #15,443**

SAMPLE OF - MARKED: "NATURAL GAS, HONOLULU OIL CORPORATION, STATE NO. 1."

FROM - SUBMITTED BY: MR. G. B. EVANS ON 11-22-49.

FOR - HONOLULU OIL CORPORATION  
P. O. BOX 308  
SUNDOWN, TEXAS

HOUSTON, TEXAS  
NOVEMBER 25, 1949

INVOICE NO.  
<25> 2182

THIS LABORATORY CERTIFICATE MAY NOT BE PUBLISHED OR USED EXCEPT IN FULL SHALL NOT BE USED FOR ADVERTISING OR IN CONNECTION WITH ADVERTISING OF  
ANY KIND UNLESS PERMISSION FOR THE PUBLISHING OR ADVERTISING OF AN APPROVED ABSTRACT HAS BEEN OBTAINED IN WRITING FROM E. W. BAYBOLT & COMPANY.

**PODBIELNIAK ANALYSIS**

**SAMPLE RECEIVED  
MOL PERCENT**

**AIR-FREE BASIS  
MOL PERCENT G. P. M.**

CARBON DIOXIDE	0.20	0.20	
HYDROGEN SULFIDE	NIL	NIL	
AIR	1.90		
NITROGEN	49.17 ✓	50.12 ✓	
METHANE	45.02	45.89	
ETHANE	2.28	2.33	
PROPANE	0.50	0.51	0.140
ISO-BUTANE	0.33	0.34	0.111
N-BUTANE	0.24	0.25	0.079
ISO-PENTANE	0.08	0.08	0.029
N-PENTANE	0.09	0.09	0.033
HEXANE PLUS	0.19	0.19	0.062
	100.00	100.00	

*Heating value  
543 Btu  
ft<sup>3</sup>*

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

*Appl'd* EXHIBIT NO. 3

CASE NO. 1684

**E. W. BAYBOLT & CO.**

*John F. [Signature]*  
APPROVED BY NEW YORK PRODUCE EXCHANGE

Fr. Jonal Distillation Analysis Results Summary

# Petroleum Analytical Laboratory Service

1711 East 8th Street

ODESSA, TEXAS

Ph. FE 2-4767

No. \_\_\_\_\_  
Run No. 1258  
DATE OF RUN 5/2/59  
Date Secured 5/1/59

A Sample of STATE NO. 1-6 *Gas Well* CHUSUM FIELD, NEW MEXICO  
Secured from Hanolulu Oil Corporation  
At Denver City, Texas Secured by Mr. Pratt  
Time \_\_\_\_\_ Date May 1, 1959  
Sampling conditions \_\_\_\_\_

## FRACTIONAL DISTILLATION

### Percentage Composition

	MOL%	LIQ. %
Carbon Dioxide	8.79	
Air		
Nitrogen	31.94	
Oxygen	2.00	
Hydrogen sulf.	0.08	50 gr.
Hydrogen		
Methane	41.80	
Ethane	8.25	
Propane	4.34	
Butanes		
iso-Butane	.49	
n-Butane	1.04	
Pentanes		
iso-Pentane	Plus 1.23	
n-Pentane		
Hexanes		
Heptanes		

TOTAL 100.00

Volume Sample 6,320 gas c.c. at 60 F.  
Vol. distilled, % 100.00  
Vol. of residue, % 0.00  
Recovery, % 100.00  
Calc. Sp. Gr. 0.917  
Calc. A.P.I. \_\_\_\_\_  
Calc. Vapor Press. \_\_\_\_\_ Lb./Sq. In.

### Liquid Content

Method \_\_\_\_\_ G.P.M.  
Based on Analysis (Butanes) \_\_\_\_\_  
Based on Analysis (Pentanes & Heavier) \_\_\_\_\_  
Based on Analysis (Propanes) \_\_\_\_\_

### Heating Value

British Thermal Units Per  
Cu. Ft.  
at 14.65 p.s.i.  
at 60°F

Method \_\_\_\_\_ Gal. \_\_\_\_\_ Dry Basis Wet Basis  
Based on % Composition \_\_\_\_\_

Run by G.B. White

Checked by T.M. Simpson

Approved by *J. L. Engle*

### Additional Data and Remarks

Checked by Chromatograph

BEFORE EXAMINED NUTTER  
OIL CONSERVATION COMMISSION  
EXHIBIT NO. 4  
CASE NO. 1684

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1684

TRANSCRIPT OF HEARING

JUNE 3, 1959

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
JUNE 3, 1959

-----  
IN THE MATTER OF:

CASE 1684 Application of Honolulu Oil Corporation for :  
an unorthodox gas well location. Applicant, :  
in the above-styled cause, seeks an order :  
authorizing an unorthodox gas well location :  
in an undesignated Yates gas pool for its :  
State Well No. 1-B, located 1830 feet from :  
the South line and 2130 feet from the East :  
line of Section 13, Township 11 South, Range :  
27 East, Chaves County, New Mexico. :  
-----

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T   O F   P R O C E E D I N G S

MR. NUTTER: Take next Case 1684.

MR. PAYNE: Case 1684. Application of Honolulu Oil Corporation for an unorthodox gas well location.

MR. CHRISTY: Sim Christy of Hervey, Dow & Hinkle, Roswell, New Mexico, for the applicant Honolulu.

(Witness sworn)

GEORGE R. HOY,

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

MR. CHRISTY: I might state to the Commission before we



3  
start that we are chagrined to come at this late date for the present application. We, as the testimony will show, are approximately ten years late. We have since checked our records; we trust, very thoroughly, and we believe this is the only error involved of this nature in this area.

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A George Hoy. I am employed by Honolulu Oil Corporation as division department engineer at Midland, Texas.

Q Mr. Hoy, have you previously testified before this regulatory board as a petroleum engineer or a geologist?

A No, sir, I have not.

Q Would you briefly state to the Examiner your educational background and qualifications and experience in the geological and engineering field?

A I graduated from New Mexico School of Mines in 1942 with a Bachelor of Science degree in geological engineering in 1945. I was employed for approximately eight months by Stanolin Oil & Gas Company as a petroleum engineer in West Texas. I was then employed for approximately six months by a drilling mud company as a service mud engineer. Since 1946 I have been employed by Honolulu Oil Corporation in West Texas.

Q And New Mexico?

A Yes, sir, and New Mexico.

4  
Q Mr. Hoy, this application concerns certain lands situated in Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico. Are you familiar with that general area?

A Yes, sir, I am.

Q And the geological and engineering data concerning wells in that general area?

A Yes, sir.

Q Are you familiar with the application in Case 1684 before this Examiner today?

A Yes, sir, I am.

MR. CHRISTY: Does the Commission have any questions concerning the applicant's qualifications?

MR. NUTTER: No, sir, he is qualified. Please proceed.

Q Mr. Hoy, will you briefly state to the Examiner what the application seeks in this case?

A Application for unorthodox gas well location.

Q And this is State Lease "B" 8385, is that right?

A Yes, sir.

Q Now, has this well already been drilled?

A Yes, sir, it has.

Q Why was it located where it was initially, do you happen to know?

A It was located initially as a stratographic test in conjunction with seismographic work being done in the area.

Q Do you know why an application for unorthodox gas well

location was not previously made to the Commission?

A No, sir. Apparently oversight and ignorance.

Q Now, would you please give us briefly a well history on this well involved?

A The subject well, Honolulu Oil Corporation's State of New Mexico Well No. 1-B, located 1830 feet from the South line, 2130 feet from the East line, Section 13, Township 11 South, Range 37 East, Chaves County, New Mexico. This location is in the recently designated Chisum Yates Gas Pool.

Q Now, I refer you to what has been marked as Exhibit 1, and ask you if you will please identify and explain Exhibit 1?

A Honolulu's Exhibit 1 is a map of the area showing all of the wells drilled in the Chisum (Yates) Gas Pool, Chisum (San Andres) Oil Pool, and the Chisum (Siluro-Devonian) Oil Pool, together with all of the dry holes drilled in the area.

Q Does the map show the total depth of the wells drilled?

A Yes, sir.

Q Now, I refer you to what has been marked as applicant's Exhibit 2, and ask you if you will please identify and explain it?

A A Honolulu's Exhibit 2 is a plat of Section 13. This plat shows the location of all wells drilled in Section 13 and the distances of all wells from lease lines. The producing wells shown on Exhibit No. 2 are in three separate oil and gas pools. State Well No. 1-B is in the Chisum Yates Gas Pool. State Wells Nos. 1 and 3 are in the Chisum (Siluro-Devonian) Oil Pool and State Wells

Nos. 1-A and 2-A are in the Chisum (San Andres) Oil Pool.

The Honolulu State 1-B was originally drilled as a stratigraphic test in conjunction with seismograph work being done by Honolulu in the area. The well was spudded on October 28, 1949, and drilled to a total depth of 335 feet with cable tools. A string of seven inch casing was set at 200 feet and cemented from shoe to surface in the annulus with 50 sacks of cement. Lithology of the geologic column penetrated in this well is as follows:

0' to 11' was caliche and sand  
11' to 30' - red shale  
30' to 130' - sandstone  
130' to 143' - limestone  
143' to 232' - anhydrite  
232' to 325' - sandstone  
325' to 335' - dolomite and sandstone

No water was encountered in this hole. A show of gas was encountered in the Yates sandstone from 232' to 325'. After cleaning the well out a valve was put in the 7 inch casing and the well shut in. This well has never been artificially stimulated in any way.

Referring to Exhibits Nos. 1 and 2, the area map and location plat. None of the other wells drilled in this area have encountered any shows of oil or gas in the Yates sand section. Honolulu State No. 3, located 1970' from the South line and 660' from the East line of Section 13, drilled to a total depth of 402' and lost circulation completely. This hole was completely dry when circulation was lost. The Yates sand section was encountered between 235' and 350' in this well. When circulation was lost, no gas whatsoever appeared in the well. Honolulu State "A" Well No. 1, located

1880' from the South line and 1980' from the East line of Section 13, was drilled with cable tools to a total depth of 2065'. The Yates sand section was encountered between 248' and 320' in this well. No shows of gas were found in the Yates while drilling this well. The Texas Company State "AM" No. 1, located 1980' from the North and West lines of Section 13, did not have any shows in the Yates sand which occurred between 260' and 365'. In fact, none of the wells drilled in the area shown on Honolulu's Exhibit No. 1 encountered gas in the Yates sand section except State Well No. 1-B. This would indicate that the geographical extent of this Yates sand gas reservoir is small.

Q Now, referring you to what has been marked as applicant's Exhibit 3, and ask you if you will please identify and explain it?

A Exhibit No. 3 is an analysis of a gas sample from this well taken on November 22, 1949. This is analysis No. 15,443 made by E. W. Saybolt and Company in Houston, Texas, dated November 25, 1949. The analysis is self-explanatory. You will note in the analysis the extremely high nitrogen content, 50.12 mol percent. The calculated heating value of the gas based on this analysis was 654 BTU per cubic foot. A well test made at the time this sample was taken had an initial shut-in pressure of 16 psig, a stabilized open flow rate of 54,400 cubic feet per day at a stabilized flow pressure of 3 psig. The above data are presented to show that this well was non-commercial at the time of its initial completion. The well had extremely low shut-in and delivery pressures, low delivery

volume, low heating value, and high nitrogen or inert gas content.

Q I believe that Exhibit shows that the test was made November 22, 1949?

A Yes, sir, that is correct.

Q Now, I refer you to applicant's Exhibit 4 and ask you if you will please identify and explain it?

A Honolulu's Exhibit No. 4 is an analysis of a gas sample from this well taken May 1st, 1959. This sample was analyzed on May 2nd, 1959 by Petroleum Analytical Laboratory Service of Odessa, Texas, and is identified as their run number 1258. This analysis again shows the high inert gas content - 40.73 mol percent - of this Yates gas from the State 1-B well. The calculated heating value of the gas based on this sample is 788 BTU's per cubic foot. This sample also shows a hydrogen sulfide content of 50 grains per standard cubic foot. A well test taken at this time, at the time this sample was obtained had an initial shut-in pressure of 16.1 psig. The stabilized open flow rate of 69,800 cubic feet per day had a stabilized flow pressure of 9.5 psig. This test again indicates that the well has no commercial value because of its low delivery pressure, low delivery rate, and high inert gas content, the well as shown in there is insufficient gas to supply one four-room pumper house on the lease.

Q Mr. Hoy, in your opinion, is the well in question a commercial producer of oil or gas?

A No, sir, it is not.

Q What is holding the lease?

A Oil production from State "A" Well Nos. 1 and 2 in the Chisum San Andres reservoir and oil production from State Wells Nos. 1 and 3, in the Chisum Siluro-Devonian Oil Pool.

Q Do you have any exact production figures on this State 1-B Well?

A No, sir, we do not.

Q What has been done with the gas that has been produced?

A The gas has been used occasionally as supplementary lease fuel for the operation of pumping engines of oil wells on the same lease.

Q Has any of the gas been flared?

A No, sir, none has been flared.

Q Has any of the gas been sold or marketed?

A No, sir, none whatsoever.

MR. CHRISTY: I don't believe we have any further questions. Excuse me, one other thing.

Q (By Mr. Christy) I might ask you, Mr. Hoy, were Exhibits 1 and 2 prepared by you or under your direction and supervision?

A Yes, sir, they were.

Q Are Exhibits 3 and 4 true and correct copies of original instruments that Honolulu possess?

A Yes, sir, they are.

MR. CHRISTY: We have no further questions of this witness at this time.

MR. NUTTER: Are there any questions of the witness?

MR. PAYNE: Yes, sir.

MR. NUTTER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q The closest that this well is to any boundary of the tract it was dedicated to is 510 feet, is that right?

A Yes, sir, that is right.

MR. PAYNE: That's all. Thank you.

QUESTIONS BY MR. NUTTER:

Q Mr. Hoy, inasmuch as this has been classified as a gas pool by the Commission, what do you propose to dedicate to the well so far as acreage is concerned?

A A standard 160-acre gas unit, which would be the NW/4 of the SE/4.

MR. PAYNE: You mean the SE/4?

A Yes, excuse me, the entire SE/4.

Q Does Honolulu own all of this acreage?

A Yes, sir, we do.

Q Do you have any -- now, you stated that you didn't know the volume of gas that has been produced in the well. Do you have any estimate of the volume of gas?

A No, sir, none whatsoever.

Q And I missed the heating value as determined by the last analysis that was run on the well, the one in May of '59.



A The last -- let's see, calculated heating value was 788 BTU's per cubic foot.

Q Well, I note that the heating value has gone up, and also the mol percent of inert gas has gone down from the original test to the latest analysis.

A Yes, sir, that is correct.

Q Do you think the quality of the gas is improving there with age?

A Yes, sir, it would appear to be.

MR. NUTTER: Any further questions of Mr. Hoy?

QUESTIONS BY MR. PORTER:

Q How deep is this well?

A The total depth of this well is 335 feet.

Q You don't anticipate drilling other wells?

A No, sir, we don't. We don't anticipate drilling any more wells to the Yates in this area.

MR. PORTER: That's all.

MR. NUTTER: If there are no further questions of the witness, you may be excused.

MR. CHRISTY: At this time we would like to offer in evidence applicant's Exhibits 1 through 4 inclusive.

MR. NUTTER: Without objection, Honolulu's Exhibits 1 through 4 will be admitted in evidence. Does anyone have anything further in Case 1684? Take the case under advisement and take a ten-minute coffee break.

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

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

WITNESS my Hand and Seal this, the 11<sup>th</sup> day of June, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Joseph A. Trujillo*  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 1684  
heard by me on 6-3, 1959.

*[Signature]*, Examiner  
New Mexico Oil Conservation Commission