

CASE 2428: Application of TEXAS
PAC. COAL & OIL CO. for a 320-acre
non-standard gas proration unit.

Q 52 / 10.

2428

Declaration, Transcript,
all Exhibits, Etc.

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER



P. O. BOX 871
SANTA FE

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

November 20, 1961

Mr. John Russell
Campbell & Russell
P. O. Drawer 640
Roswell, New Mexico

Re: Case No. 2428
Order No. R-2122
Applicant:
Texas Pacific Coal & Oil Company

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.
A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

OTHER

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. 2428
Order No. R-2122

APPLICATION OF TEXAS PACIFIC
COAL & OIL COMPANY FOR A 320-
ACRE NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 8, 1961, at Santa Fe, New Mexico, before Elvis A. Utz, 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 17th day of November, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Texas Pacific Coal & Oil Company, is the owner and operator of the State "A" A/c-2 Lease comprising, in pertinent part, Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That said Section 8 has been comprised of two 320-acre non-standard gas proration units in the Jalmat Gas Pool, one unit comprising the W/2 of said Section 8 and dedicated to the applicant's State "A" A/c-2 Well No. 37, located in the NE/4 SW/4 of Section 8, and one unit comprising the E/2 of said Section 8 and dedicated to the applicant's State "A" A/c-2 Well No. 43, located in the SE/4 NE/4 of said Section 8.

(4) That the applicant now seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the N/2 of said Section 8, said unit to be dedicated to the above-described State "A" A/c-2 Well No. 43; that the applicant has applied for administrative approval of a 320-acre non-standard gas proration unit comprising the S/2 of said

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CASE No. 2428
Order No. R-2122

Section 8, said unit to be dedicated to the State "A" A/c-2 Well No. 56, located in the NW/4 SE/4 of said Section 8.

(5) That the said State "A" A/c-2 Well No. 37 should be shut-in insofar as the Jalmat Gas Pool is concerned, that the production status of said State "A" A/c-2 Well No. 37 should be charged equally to the State "A" A/c-2 Well No. 43 and the State "A" A/c-2 Well No. 56, and that 50 percent of the production status of said State "A" A/c-2 Well No. 43 should be charged to the State "A" A/c-2 Well No. 56.

(6) That the proposed 320-acre non-standard gas proration unit is presumed to be productive of gas from the Jalmat Gas Pool.

(7) That approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the E/2 of Section 8, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby established. Said unit is to be dedicated to the State "A" A/c-2 Well No. 43, located in the SE/4 NE/4 of said Section 8.

PROVIDED HOWEVER, That the State "A" A/c-2 Well No. 37 located in the NW/4 SW/4 of said Section 8 shall be shut-in insofar as the Jalmat Gas Pool is concerned, that the production status of said State "A" A/c-2 Well No. 37 shall be charged equally to the State "A" A/c-2 Well No. 43 and the State "A" A/c-2 Well No. 56 located in the NW/4 SE/4 of said Section 8, and that 50 percent of the production status of said State "A" A/c-2 Well No. 43 shall be charged to the State "A" A/c-2 Well No. 56.

(2) That the acreage factor for allowable purposes assigned to the above-described 320-acre non-standard gas proration unit shall bear the same ratio to a standard acreage factor as the acreage in said unit bears to the acreage in a standard gas proration unit in the Jalmat Gas Pool.

(3) That the effective date of this order shall be December 1, 1961.

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

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CASE No. 2428
Order No. R-2122

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

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

CHX/

Case 2428

Heard. 11-8-61

Rec. 11-9-61

1. Grant D & P's request for a change in acreage dedication of sec. 8-225368, Jalmat Gas pool.

2. The W/2 of said sec. is now ded. to their AC/2 #37 and the E/2 to the AC/2 #43.

3. The AC/2 #37 is to be abandoned in the Jalmat pool.

4. The new ded. shall be as follows:

(a) The N/2 of said sec. ~~shall be~~ to the #43 well and the S/2 to the #56 well. (AC/2 lease).

5. ~~At the~~ 50% of the AC/2 #37 status as of 12-1-61 shall be charged to the #43 well and 50% to the #56 well.

? → (2) 50% of the #43 status as of 12-1-61 shall be charged to the #56 well

6. Amits shall effective 12-1-61.

Thos. A. [Signature]

43	56	37	
200	0	100	= 300
50	50		
-100	10		
150	150		= 300

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

259
L

Case 2428

Robert M. [unclear]

October 9, 1961

Texas Pacific Coal and Oil Company
P. O. Box 1688
Hobbs, New Mexico

Attention: Mr. Jerry Eskew, Petroleum Engineer

Gentlemen:

Reference is made to your application for administrative approval of two 320-acre non-standard gas proration units in Section 8, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, dated October 6, 1961.

Your application for approval of the 320-acre gas proration unit comprising the S/2 of said Section 8 to be dedicated to the State "A" A/C-2 Well No. 56 located 1980 feet from the South and East lines of said Section 8, is being held by this office and will be eligible for administrative approval if, after a 30-day period, no offset operator has made an objection to the formation of said unit.

In the matter of your application for approval of the 320-acre gas proration unit comprising the N/2 of said Section 8, to be dedicated to the State "A" A/C-2 Well No. 43 located 1650 feet from the North line and 990 feet from the East line of said Section 8, your attention is directed to Rule 5(B) of Order No. R-1670, the reading of which reflects that the subject 320-acre unit is not eligible for administrative approval due to the location of the well to which the proposed unit is to be dedicated. In view of these circumstances, this matter is being set for hearing before one of the Commission's Examiners on November 8, 1961.

If this date is not satisfactory to you or if I can be of any further assistance to you in this matter, please advise.

Very truly yours,

J. E. WHITFIELD
Legal Assistant

JEW/esr

COPY

No. 30-61

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 8, 1961

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nuttall, as Alternate Examiner:

- CASE 2421: Application of Texaco Inc. for approval of a unit agreement and for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Northeast Caprock (Queen) Unit Agreement, covering 1360 acres, more or less, in Township 12 South, Range 32 East, Caprock Queen Pool, Lea County, New Mexico. Applicant further seeks authority to institute a unit-wide waterflood by the injection of water into the Queen formation through 19 wells located within said unit.
- CASE 2422: Application of Texaco Inc. for an oil-gas dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its J. C. Estlack Well No. 1, located in Unit T of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico, as an oil-gas dual completion (conventional) in the Blinbry Oil and Tubb Gas Pools, with the production of oil from the Blinbry zone and the production of gas from the Tubb zone to be through parallel strings of 2 1/16-inch tubing.
- CASE 2423: Application of Skelly Oil Company for authority to inject water into the Horseshoe-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to inject water into the Gallup formation underlying the Navajo "M" lease, comprising all of Sections 33 and 34, Township 32 North, Range 17 West, Horseshoe-Gallup Oil Pool, San Juan County, New Mexico, through the Navajo "M" Well No. 2, located 1980 feet from the South and West lines of said Section 33, for the purpose of secondary recovery.
- CASE 2424: Application of The Ohio Oil Company for a 160-acre non-standard gas proration unit, an unorthodox well location and an oil-gas dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 160-acre non-standard gas proration unit in the Monument-McKee Gas Pool, comprising the N/2 SW/4 and S/2 NW/4 of Section 5, Township 20 South, Range 37 East, Lea County, New Mexico,

CASE 2424: (Cont.)

said unit to be dedicated to the Bertha Barber Well No. 12, located at an unorthodox location 1650 feet from the South line and 330 feet from the West line of said Section 5. Applicant further seeks permission to complete said Bertha Barber Well No. 12 as an oil-gas dual completion (conventional) in the Monument-Paddock Pool and in the Monument-McKee Gas Pool, with the production of oil from the Monument-Paddock zone and the production of gas from the Monument-McKee zone to be through parallel strings of 2 3/8-inch tubing.

CASE 2425:

Application of Iverson & Welch for an order extending the limits of the Shugart and the North Shugart Pools and abolishing the Culwin & Culwin-Yates Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order abolishing the Culwin and Culwin-Yates Pools both of which are located in Townships 18 and 19 South, Ranges 30 and 31 East, Eddy County, New Mexico. Applicant further seeks an order extending the vertical limits of the Shugart and North Shugart Pools to include the Yates, Seven Rivers, Queen and Grayburg formations and establishing the horizontal limits of said pools as follows:

NORTH SHUGART POOL:

TOWNSHIP 18 SOUTH, RANGE 31 EAST

Section 8: S/2
Section 9: S/2, NE/4
Section 10: S/2, S/2 NE/4
Section 11: S/2, NE/4
Section 12: All
Section 13: N/2, SE/4
Section 14, 15, 16, 17, and 18: All
Section 22: N/2 N/2
Section 24: N/2 N/2 NE/4

SHUGART POOL: Remaining portion of the North Shugart Pool, as presently defined, plus that acreage contained in the Shugart, Culwin and Culwin-Yates Pools, as presently defined.

CASE 2426: Application of Cities Service Petroleum Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Hodges B Well No. 2, located in Unit L of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in undesignated Drinkard and undesignated Fusselman Pools, with the production of oil from both zones to be through parallel strings of 2 inch tubing.

CASE 2427: Application of J. C. Williamson for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its Westates-Federal Well No. 5, located in Unit E of Section 1, Township 25 South, Range 37 East, Lea County, New Mexico, as a dual completion (conventional) in undesignated Blinebry and undesignated Drinkard pools, with the production of oil from both zones to be through parallel strings of 2 3/8 inch tubing.

CASE 2428: Application of Texas Pacific Coal & Oil Company for a 320-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the N/2 of Section 8, Township 22 South, Range 36 East, Lea County, New Mexico; said unit is to be dedicated to the State "A" A/c-2 Well No. 43, located 1650 feet from the North line and 990 feet from the East line of said Section 8.

CASE 2429: Application of Standard Oil Company of Texas for approval of the Jurnegan Point Unit Agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jurnegan Point Unit Agreement embracing 10,240.84 acres, more or less, of State and fee lands in Township 24 South, Ranges 24 and 25 East, Eddy County, New Mexico.

CASE 2430: Application of Royal Development Company for seven unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of seven unorthodox oil well locations in the Shiprock-Gallup Oil Pool, San Juan County, New Mexico, for the following-described wells in Section 17, Township 29 North, Range 18 West:

Well No. 17-I-A located 2475 feet from the South line and 10 feet from the East line;

CASE 2430: (Cont.)

Well No. 17-I-B located 2475 feet from the South line and 1310 feet from the East line;

Well No. 17-I-D located 1650 feet from the South line and 10 feet from the East line;

Well No. 17-I-E located 1650 feet from the South line and 1310 feet from the East line;

Well No. 17-I-A-1 located 2475 feet from the South line and 660 feet from the East line;

Well No. 17-J-C located 2475 feet from the South line and 2630 feet from the East line;

Well No. 17-J-C-1 located 2475 feet from the South line and 1980 feet from the East line;

CASE 2431:

Application of H. F. Sears for an exception to Rule 107, San Juan, County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 107 authorizing the completion of the Navajo 1-5 well located in the NE/4 NE/4 of Section 5, Township 24 North, Range 10 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, as a 2 7/8-inch tubingless completion below the depth of 5,000 feet.

ig/

TEXAS PACIFIC COAL AND OIL COMPANY

Hobbs, New Mexico

October 6, 1961

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

Re: Texas Pacific Coal and Oil Company's
application for a 320 acre non-
standard gas proration unit and the
rededication of a 320 acre non-
standard gas proration unit in
Section 8, Township 22 South,
Range 36 East, Jalmat Gas Pool,
Lea County, New Mexico

Gentlemen:

Texas Pacific Coal and Oil Company respectfully requests approval under the provisions of Rule 5 (c) of the General Rules and Regulations for Prorated Gas Pools of Southeast New Mexico of Order No. R-1670 for the formation of a 320 acre non-standard gas proration unit for State "A" A/c-2, Well No. 56 and rededication of the 320 acre non-standard gas proration unit now assigned to State "A" A/c-2, Well No. 43.

Said Section 8 is now dedicated as follows: The West 1/2 is dedicated to State "A" A/c-2, Well No. 37 located 1980' from the south and west lines of Section 8. The East 1/2 is dedicated to State "A" A/c-2, Well No. 43 located 1650' from the north line and 990' from the east line of Section 8.

Texas Pacific Coal and Oil Company proposes to abandon Well No. 37 and dedicate the North 1/2 of Section 8 (320 acres) to Well No. 43; which has been producing gas from the Jalmat Gas Pool since November, 1957, and dedicate the South 1/2 of Section 8 (320 acres) to Well No. 56. State "A" A/c-2, Well No. 56 is 1980' from the south and east lines of Section 8 and was completed in the Yates formation of the Jalmat Gas Pool in August, 1961.

In support of this request, the following requirements of said Rule 5 (c) are conformed to for the proposed non-standard gas proration units:

1. Said units consist of less than 640 acres.
2. Said units consist of contiguous quarter-quarter sections.
3. Said units lie wholly within a single governmental section.
4. Said units may reasonably be presumed to be productive of gas.
5. The length or width of said units do not exceed 5280 feet.
6. Copies of this application have been furnished this date by registered mail to all offset operators and all operators within 1500 feet of said wells.

At present, State "A" A/c-2, Well No. 43 is over produced and State "A" A/c-2, Well No. 37 is under produced. Texas Pacific Coal and Oil Company requests that this overage and underage be reassigned by the Oil Conservation Commission to Wells No. 43 and 56 in the most equitable manner.

A plat is attached hereto showing to the best of our knowledge and belief the proposed unit, the location of the wells and the offset ownership.

In view of these facts set out herein, it is respectfully requested that the Oil Conservation Commission grant administrative approval of the non-standard gas proration units for Texas Pacific Coal and Oil Company's State "A" A/c-2, Well No. 43 and 56 as described above.

Yours very truly,

TEXAS PACIFIC COAL AND OIL COMPANY

By *Jerry Eskew*
Jerry Eskew, Petroleum Engineer

STATE OF NEW MEXICO |

COUNTY OF LEA |

Subscribed and sworn to before me, the undersigned authority by JERRY ESKEW on this 6th day of October, 1961, to certify which witness my hand and seal of this office.

Barbara Harper
Notary Public in and for Lea County,
New Mexico

My commission expires Jan. 22, 1964.

Copies by Registered Mail to:

Cities Service Oil Company
P. O. Box 97
Hobbs, New Mexico

Gulf Oil Corporation
P. O. Drawer 669
Roswell, New Mexico

Continental Oil Company
225 Petroleum Building
Roswell, New Mexico

The Ohio Oil Company
P. O. Box 2107
Hobbs, New Mexico

Oil Well Drilling Company
708 Dallas National Bank Building
Dallas 1, Texas

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

November 8, 1961

IN THE MATTER OF:

Application of Texas Pacific Coal & Oil
Company for a 320-acre non-standard gas
proration unit, Lea County, New Mexico..
Applicant, in the above-styled cause,
seeks the establishment of a 320-acre non-
standard gas proration unit in the Jalmat
Gas Pool, comprising the N $\frac{1}{2}$ of Section 8,
Township 22 South, Range 36 East, Lea
County, New Mexico; said unit is to be
dedicated to the State "A" A/c-2 Well
No. 43, located 1650 feet from the North
line and 990 feet from the East line of
said Section 8.

CASE NO.
2428

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2428.

MR. WHITFIELD: Application of Texas Pacific Coal &
Oil Company for a 320-acre non-standard gas proration unit, Lea
County, New Mexico.

MR. RUSSELL: John S. Russell, Campbell & Russell,
representing the applicant. I have one witness, Mr. Yuronka.

MR. UTZ: Are there any other appearances?

DEARNIEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 2-6691

You may proceed.

(Witness sworn.)

JOHN YURONKA,

called as a witness by and on behalf of the Applicant, 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, employer, and the nature of your employment?

A My name is John Yuronka. I am employed by Texas-Pacific Coal and Oil Company as division engineer in the West Texas-Southeast New Mexico area.

Q Have you previously qualified to give expert testimony as an engineer before this Commission?

A I have.

Q You are familiar with this application, are you not?

A Yes, I am.

Q What does it propose?

A It proposes a 320-acre non-standard proration unit dedicated to the Texas-Pacific Coal and Oil Company, State "A" Account No. 43 located, located 1650 feet from the north and 990 feet from the east line of Section 8, Township 22 south, Range 36 east.

Q Mr. Yuronka, at the present time, is Section 8 div-



ided into two 320 proration units, east and west?

A No, not at the present time. No, it has been north and south.

Q Well, you are actually proposing to switch the location of the units, is that correct?

A Yes.

Q Give us a brief history of the development of this section and the reason for the change

A Well, State "A" Account 2, Well No. 37, located in the northeast of the southwest was completed in 1946 and was the only gas well in that section until Well No. 43 was drilled in October of 1957. At that time we dedicated the east half of the section to Well No. 32 and the west half of the Section to Well No. 37. In October of this year we drilled State "A" Account 2 Well No. 56 located in the northwest quarter of the southeast quarter, Section 8, the Eunice Oil Well. In the completion of it, we got over 90 percent water and we decided to put it back and make a Jalmat gas well out of it. Our reason for doing this was the fact that Well No. 37 was producing approximately 80 BOPD and our deliverability had declined and we felt that we were not obtaining our correlative rights in this section. We felt if we obtained a new completion we could plug off Well No. 37 in the Jalmat Pool and attempt a completion as a South Eunice oil well at a later date.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q Well, you propose to dedicate Well No. 43 to the north half of this section, is that correct?

A Yes, sir.

Q That is not as a standard location for a 320-acre unit, is it?

A No, sir.

Q Is your Well No. 23 in the standard location?

A Yes.

Q And what kind of well is that?

A That is a South Eunice oil well.

Q If you went over to the west side of the north half of this proposed unit, could you locate a gas well there at a standard location?

A We could put in a well 660 from the west and 980 from the north line by which we could obtain administrative approval for the dedication of the north half of the section. However, offsetting it is a shut-in gas well, southwest of it is a Jalmat gas well, and northwest of it is a Jalmat gas well. If we drill Well No. 43 in the north quarter of Section 8, because we have three 160-acre tracts that do not have a gas well, in order to protect our correlative rights we felt that we should drill in one of these 160-acre tracts and we are asking for the northeast quarter of Section 8.

Q There are three gas wells in Section 4 at this time, is that correct?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-5691

ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q You feel by locating it where you have that it will protect your correlative rights?

A Yes, sir.

Q This is a state lease, is it not?

A Yes, sir.

Q Royalty is common as to whether it be the north, south, east, or west?

A That's right.

Q Now, Well No. 43 is actually at a location which would be a standard location for a 640-acre unit, is it not?

A Pardon me.

Q Well No. 43 is at a location which is standard for a 640-acre unit?

A No, sir. No. 56 is.

Q Well No. 46 is?

A Yes.

Q Why do you propose the two 320 units instead of dedicating that one well to 640?

A We did not want to produce No. 56 too hard since No. 37 does or is producing water. We felt that the lower allowable would give us a longer life to the well.

Q All right, now, is there at the present time pending a request for administrative approval of the south half as a 320-acre unit with Well No. 56 dedicated as the unit well?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

A Yes, sir. If these two applications are approved, there is a possibility or probability that there will have to be an adjustment of over-production of under-production?

A Yes, sir.

Q Whatever method that the Commission comes up with to handle it is perfectly satisfactory to you?

A Yes, sir.

MR. RUSSELL: I have no further questions.

CROSS EXAMINATION

BY EXAMINER UTZ:

Q Mr. Yuronka, do you know what the status is of the No. 37 well? Is it under- or over-produced?

A On the November proration schedule, it is over-produced.

Q Is it your intention to plug that well?

A We intend to squeeze off the Jalmat perforations and attempt to shut in the Eunice completion.

Q That is a little deeper?

A Yes. This well does have some perforations open in the lower zone. However, when we fracked it at approximately the beginning of 1955, we did not have tubing in the hole and when we fracked it, why, we had to run the tubing under pressure and consequently we have left the lower zone unproduced since 1955.

Q Well, this is still a pretty good well, isn't it?



A Well, the fact that it makes 80 barrels of water per day, we feel that we are not obtaining the production on that well that we should be getting as compared to the other wells.

Q The No. 56 well you intend to dedicate to the south half is the better well?

A Yes, sir.

Q The No. 43 well is also over-produced, is that correct?

A On the November proration schedule, yes, sir. When the application was filed Well No. 37 was under-produced.

Q The unit is surrounded by the Jalmat gas wells, is it not?

A Yes, sir.

EXAMINER UTZ: Are there other questions of the witness?

MR. MORRIS: Yes, sir.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Yuronka, I believe you stated that you could get administrative approval for a well to be located in the northwest quarter 1980 from the north line and 660 from the west line of the section. I wanted to correct the record with respect to that because --

A Pardon me. We have to file -- we would have to file



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO

for -- it would not be a standard proration unit. We would have to ask for and get approval for a non-standard location.

Q Yes. You would have to do that at a hearing.

A No.

Q The reason you have to, we are having this hearing today because of this 320-acre unit is not far enough from the east side of the proration unit under the Jalmat rules. I believe you have to be 1980 feet from the short side of your proposed unit and 660 from the long side of the unit. That's the reason we are here today, because your well location requirement prohibits the granting of a smaller-than-standard size proration unit administratively, so if I understood you correctly in saying you would have gotten administrative approval for a location 1980 from the north line and 660 from the west line, I wanted to correct the record with respect to that, because that would create the same situation that we have with Well No. 43 to which you propose to dedicate this unit now. Administrative approval was not possible because of this location.

A Wouldn't an administrative approval be forthcoming if you filed a non-standard location or an application for a non-standard location and non-standard proration unit 1980, 660?

Q No, because your non-standard location would not be due to topographical reasons and it would have to come through



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

hearing.

MR. PORTER: This 660, 1980 would not be a standard location?

MR. MORRIS: No, sir, it would not be a standard location.

THE WITNESS: You could dedicate 320 to a well located at that location.

MR. MORRIS: Under the Jalmat gas rules, in order to dedicate 320 to a well, the well location has to be at least 1980 from the short side of the 320 and that is the reason why this application is being heard today, because it's not 1980 feet from the short side, that being the east side of this proration unit.

MR. NUTTER: I think what you mean to say is No. 56, 49, and 51 and 3 to be standard locations for 320-acre units.

MR. MORRIS: That is correct.

MR. NUTTER: Those are the four locations drilled at the present time?

MR. MORRIS: That's correct. I wanted to set the record straight lest there be any misunderstanding as to why we are having a hearing on this matter today and why the request for administrative approval on this unit was rejected.

THE WITNESS: Let me state this: We recently applied for a similar 660, 1980, 320 acres and obtained administrative approval.



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MR. NUTTER: That one slipped by.

MR. MORRIS: Could you point out --

THE WITNESS: That is why I could not understand this case.

MR. MORRIS: Well, could you tell me what order that was.

MR. NUTTER: We will rescind it.

MR. MORRIS: No, at the same time you applied for administrative approval of this unit with the well location being where it is, you also applied for administrative approval of the 320 acres to the south with Well No. 37 to be dedicated to unit, well 37, or was it 56?

THE WITNESS: Well No. 56.

MR. MORRIS: Either 37 or 56, or for that matter, the 53 or 54 wells are located at standard locations for a 320-acre unit under the Jalmat gas pool rules, but if you get closer to 1980 to the short side of your proration unit, you don't meet the requirements of the rule and that's the reason we are here.

I had no question of you except just to attempt to set the record straight. Apparently I have confused it.

THE WITNESS: We did not feel a hearing would be necessary and so consequently this one kind of set me back just a shade.

EXAMINER UTZ: Are there any other questions?

CROSS EXAMINATION



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BY MR. NUTTER:

Q Let me get this straight. Mr. Yuronka, at the present time No. 37 is dedicated to the west half?

A Correct.

Q The No. 43 is dedicated to the east half?

A Correct.

Q You propose to dedicate the No. 43 to the north half?

A Right.

Q And deepen the No. 37 to the south unit and dedicate the south half to the No. 56?

A Well, with one correction. Well No. 37 is already deepened to the south unit.

Q What was your potential on the No. 56 in the Jalmat?

A On September 19, it was 6300.

Q MCF?

A That's right; and on October 18 it was 2268.

MR. NUTTER: Thank you.

EXAMINER UTZ: Are there other questions?

MR. RUSSELL: I have one.

CROSS EXAMINATION

BY MR. RUSSELL:

Q Going back to correct the record. At the beginning when you were describing the history of Well 37, you said it produced 80 barrels of oil. You meant water?

A I thought I corrected myself. I meant water, yes.



MR. RUSSELL: I would like to introduce Exhibit No. 1 into evidence.

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

If there are no other questions, the witness may be excused.

(Witness excused.)

EXAMINER UTZ: Are there any statements in this case?

The case will be taken under advisement.

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STATE OF NEW MEXICO)
) ss.
 COUNTY OF SAN JUAN)

I, THOMAS F. HORNE, NOTARY PUBLIC in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing 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.

DATED this 30 day of November, 1961, in the City of Farmington, County of San Juan, State of New Mexico.

Thomas F. Horne
 Notary Public

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Executive Hearing of Case No. 2428, heard by me on Nov. 8, 1961.

Thomas F. Horne
 Notary Public

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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