

CASE 2398: Application of FORD
CHAPMAN for a 42.35-acre non-standard
oil proration unit - Eddy County.

-asa 1/10.

2298

Application, Transcript,
and Exhibits, Etc.

State of New Mexico
Oil Conservation Commission



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

October 13, 1961

Re: Case No. 2398
Order No. R-2084
Applicant:
Ford Chapman

A. L. PORTER, Jr.
Secretary-Director

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. 2398
Order No. R-2084**

**APPLICATION OF FORD CHAPMAN
FOR A NON-STANDARD OIL PRO-
RATION UNIT, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 4, 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 13th day of October, 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, Ford Chapman, proposes the establishment of a 42.35-acre non-standard oil proration unit in an undesignated Delaware pool, comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East, NMPM, Eddy County, New Mexico.

(3) That the proposed unit is to be dedicated to the applicant's Gulf-Federal Pipkin Well No. 1, located 330 feet from the South line and 605 feet from the East line of said Section 34.

(4) That the entire proposed unit may be presumed to be productive of oil from the Delaware formation.

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

-2-

CASE No. 2398

Order No. R-2084

IT IS THEREFORE ORDERED:

(1) That a 42.35-acre non-standard oil proration unit in an undesignated Delaware pool, comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East, NEPM, Eddy County, New Mexico, is hereby established. Said unit is to be dedicated to applicant's Gulf-Federal Pipkin Well No. 1, located 330 feet from the South line and 605 feet from the East line of said Section 34.

(2) 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 hereinabove 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

esr/

Case 2398

Heard 10-4-61

Res. 10-9-61

1. Grant Ford & Chapman and
~~NSP~~ for its Gulf Federal
Pipeline #1 605/E, 330/S line
sec. 34-26S-29E and consisting
of Lots 12 sec 34 & Lot 9 sec. 35
both in 26S-29E. 42.35 Ac.
2. Assign acreage factor of $\frac{42.35}{40} = .06$
3. Lot 9 can reasonably be
presumed to be productive.

Wm. H. H.

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

September 25, 1961

P. O. Drawer 1938
Roswell, New Mexico

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

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

Re: Case No. 2398, Scheduled
for Examiner Hearing on
October 4, 1961

Gentlemen:

This is to advise that Gulf Oil Corporation has no objection to the application of Ford Chapman and Associates for a non-standard oil proration unit of 42.35 acres in an undesignated Delaware Pool in Eddy County, New Mexico, comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East.

Yours very truly,



W. A. Shellshear

JHH:dd

cc: Mr. George H. Hunker, Jr.
Hervey, Dow & Hinkle
Hinkle Building
Roswell, New Mexico



DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 4, 1961

9:00 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. Nutter, as alternate examiner:

CONTINUED CASE

CASE 2367: Application of Skelly Oil Company for an unorthodox gas proration unit in the Jalmat Gas Pool, 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, consisting of the NE/4, NW/4 SE/4, N/2 SW/4 and SW/4 SW/4 of Section 17, Township 23 South, Range 37 East, Lea County, New Mexico; said unit is to be dedicated to the E. L. Steeler Well No. 7, located 1980 feet from the South line and 660 feet from the West line of said Section 17.

NEW CASES

CASE 2388: In the matter of the hearing called by the Oil Conservation Commission to permit Juan J. (John J.) Moya and all interested parties to appear and show cause why the Jones Well No. 1, located 1650 feet from the South line and 990 feet from the East line of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged.

CASE 2389: Application of Shell Oil Company for approval of the Cabezon Unit Agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cabezon Unit Agreement embracing lands in Townships 16 and 17 North, Ranges 2, 3 and 4 West, Rio Arriba County, New Mexico.

CASE 2390: Application of Continental 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 S/2 of Section 7, Township 23 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the Stevens B-7 Well No. 1, located 990 feet from the South and West lines of said Section 7.

- CASE 2391: Application of Continental 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 S/2 of Section 25, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Lynn B-25 Well No. 2, located 990 feet from the South and West lines of said Section 25.
- CASE 2392: Application of Continental Oil Company for a 240-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the NW/4 and W/2 NE/4 of Section 23, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Meyer B-23 Well No. 3, located 1980 feet from the North line and 660 feet from the West line of said Section 23.
- CASE 2393: Application of Continental Oil Company for a 240-acre non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 240-acre non-standard gas proration unit in the Jalmat Gas Pool, comprising the SE/4 and E/2 NE/4 of Section 23, Township 22 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to the Meyer B-23 Well No. 2, located 990 feet from the South line and 1650 feet from the East line of said Section 23.
- CASE 2394: Application of Hondo Oil & Gas Company for permission to directionally drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks permission to directionally drill a well to be located 2310 feet from the North line and 1980 feet from the East line of Section 26, Township 17 South, Range 28 East, Eddy County, New Mexico.
- CASE 2395: Application of Nash, Windfohr & Brown for the establishment of a limiting gas-oil ratio in the Jackson-Abo Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a limiting gas-oil ratio of 4000: 1 in the Jackson-Abo Pool in Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2396: Application of C. W. Trainer for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to locate his Hobbs Well No. 1 at an unorthodox oil well location in the Hobbs Pool, 2545 feet from the North line and 1184 feet from the East line of Section 34, Township 18 South, Range 38 East, Lea County, New Mexico.

CASE 2397: Application of Reading and Bates, Inc. for a temporary exception to Rule 107 (d), Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a temporary exception to Rule 107 (d) to permit the production of oil from its Simms Federal Well No. 1 located in Section 34, Township 18 South, Range 30 East, North Benson Queen Pool, Eddy County, New Mexico, without installing tubing.

CASE 2398: Application of Ford Chapman for a 42.35-acre non-standard oil proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of a 42.35-acre non-standard oil proration unit in an undesignated Delaware pool comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East, Eddy County, New Mexico, said unit to be dedicated to the Curtis Hankamer Gulf-Federal Pipkin No. 1 Well, located 330 feet from the South line and 605 feet from the East line of said Section 34.

CASE 2399: Application of Texaco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Paduca-Delaware Pool for its Cotton Draw Unit Well No. 54, located 1980 feet from the North line and 2339 feet from the East line of Section 28, Township 25 South, Range 32 East, Lea County, New Mexico.

CASE 2400: Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its C. H. Weir "A" Well No. 7, located in Unit L, Section 12, Township 20 South, Range 37 East, Lea County, New Mexico, as a triple completion in the Eumont Gas, Skaggs-Glorieta, and Skaggs-Drinkard Pools, with production of oil from the Drinkard and Glorieta zones to be through parallel strings of 2 3/8 inch tubing and the production of gas from the Eumont Gas Pool through the tubing-casing annulus.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

September 14, 1961

Mr. Ford Chapman
Drilling Contractor
Pecos, Texas

Dear Mr. Chapman:

The Commission has received your application for a 42.35-acre non-standard oil proration unit, undesignated Delaware pool, Eddy County, New Mexico, dated August 29, 1961. In view of the fact that the proposed unit can not be approved administratively, it has been set for hearing at the Examiner's hearing, October 4, 1961.

A review of the Commission's files reflects that Commission Form C-110, reflecting a change of ownership of the well to which the proposed unit is to be dedicated, has not been filed. It is requested that such form be filed with the Commission in accordance with Rule 1109 of the Commission Rules and Regulations.

Should the date of hearing be unsatisfactory with you, please advise.

Very truly yours,

JAMES E. WHITFIELD
Legal Assistant

JEW/esr

*Rec'd
Sept 19, 1961*

FORD CHAPMAN

DRILLING CONTRACTOR
PECOS, TEXAS

P. O. BOX 1512

August 29, 1961

Handwritten: Mr. Dan Nutter

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

Attn: Mr. Dan Nutter

Re: Curtis Hankamer Gulf
Federal Pipkin #1,
Lot 12, Sec. 34,
T26S, R29E, Eddy
County, New Mexico
and Lots 8 and 9,
Sec. 35, T26S, R29E,
Eddy County, New Mex.

Gentlemen:

We have taken over the Hankamer Gulf-Federal Pipkin #1 located in Section 34, Township 26 South, Range 29 East, Eddy County, New Mexico, as per enclosed plat. This well is located on Lot 12. We have been assigned Lots 8 and 9 in Section 35, as above described, and Lot 12, Section 34. We have drilled and completed a well on Lot 12 as indicated on the enclosed plat.

It is our wish to combine Lots 9 and 12 as a single proration unit. If it is necessary to have a hearing in order to do this, please consider this letter as our application for such a hearing.

Sincerely,

Handwritten signature of Ford Chapman
Ford Chapman

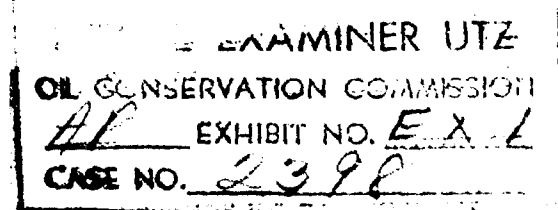
FC/wj
Enc:

Handwritten: August 31 110 showing change of ownership

W. M. OSBORN
GEOLOGIST

GILBERT C. TOMPSON
ENGINEER

OSBORN & TOMPSON
500 WEST ILLINOIS
MIDLAND, TEXAS
October 2, 1961



Mr. Ford Chapman
Pecos, Texas

Re: Chapman No. 1 Gulf Federal-Pipkin
605' from East line and 330' from South line,
Section 34, T-26-S, R-29-E, Eddy County,
New Mexico

Dear Mr. Chapman:

I have checked into the area around your Gulf Federal-Pipkin No. 1 and the 20.58 acres in Lot 9 in the southwest corner of Section 35 and have prepared the enclosed structure map of the area contoured on top of the Lamar Lime at 25 foot intervals. Also, I am enclosing a survey plat of Sections 34 and 35.

Conclusion

Although the subject well and your No. 1 and No. 2 Johnson wells to the south stopped drilling in pay, it is estimated that these wells would have approximately 14 feet of pay in the upper Delaware Sand.

From the enclosed contoured structural map, it is apparent that your No. 1 Gulf Federal-Pipkin well is located on the crest of a pronounced structural nose. This nosing, beginning at a point slightly west of your well, extends east by northeast through the Todd dry hole located in the SW/4 of the SW/4 of Section 25, T-26-S, R-29-E, Eddy County, New Mexico.

From the pay thickness in the Gulf No. 1 "B-0" well and information furnished by the Gulf No. 1 "D" dry hole in Section 26 and the structural position of your Johnson No. 2, it would appear that the pay zone from which you are producing would extend east into Section 35, T-26-S, R-29-E.

No information was available to indicate the presence of second pay zone in this area.

Discussion

General

Your No. 1 Gulf Federal-Pipkin was drilled to a total depth of 2905 feet and top of the pay on the radio activity log was indicated at 2902 feet. The deepest reading on this log was at 2903 feet. The log of this well indicated the top of the Lamar Lime to be at 2853 feet (+29) and the top of the Delaware Sand at 2885 feet.

Mr. Ford Chapman
Pecos, Texas

The log of your No. 1-4 Johnson, the south offset to the Federal-Pipkin located in the NW/4 of the NW/4 of Section 4, Block 53, T-1-S, Loving County, indicated the top of pay to be at 2898 feet. The deepest reading on this log was at 2903 feet. The log measured a total depth of 2904 feet and the log indicated this well quit in porosity.

The log of the Gulf Federal-Littlefield No. 1 "B-0", the northwest offset to your Federal-Pipkin, indicated that this well encountered pay from 2908 feet to 2922 feet in the first Delaware Sand and was drilled to total depth of 2975 feet (log measurement). This depth was sufficient to test the second Delaware Sand; however, the Gamma Ray portion of this log did not read below 2953 feet.

The Gulf No. 1 "D" Federal-Keohane, NW/4 of the SW/4 of Section 26, approximately three-fourths of a mile northeast of your Federal-Pipkin was drilled to a total depth of 2989 feet where pipe was run and the well was fractured with 20,000 gallons in both the first and second sand, but only water was produced. The log of this well indicated a thin remnant of your pay zone to be present at 2918 feet. The fact that a thin remnant of your pay could be noted on the log of this well and that the show encountered caused G lf to set pipe and attempt a completion would seem to indicate that the pay could be traced nearly a mile to the northeast and in view of the structure shown on the enclosed contoured map, I would expect this sand to be present under the West half of Section 35 and in view of the estimated thickness of pay, I would expect production from the first sand on the higher structural part of this portion of Section 35.


Geological Structure

The enclosed structural map reflects an average normal rate of dip across this area to be approximately 75 feet per mile to the east-northeast. You will note on areas where production is developed, slight nosing appears to arrest this rate of dip. In the immediate area of your well you will note a flattening to the west with a resumption of normal rate of dip to the east with a prominent nose developed in the vicinity of your well, the axis of which is to be traced to the east and slightly north through the Todd No. 1 dry hole in Section 25.

In general, in the Delaware Basin this flattening of dip accompanied by nosing or terracing in the Delaware Lime is accompanied with the development of clean sand lens within the normally dirty Delaware Sand. It is within the limits of these clean sand lenses that production has been found in the Delaware Basin.

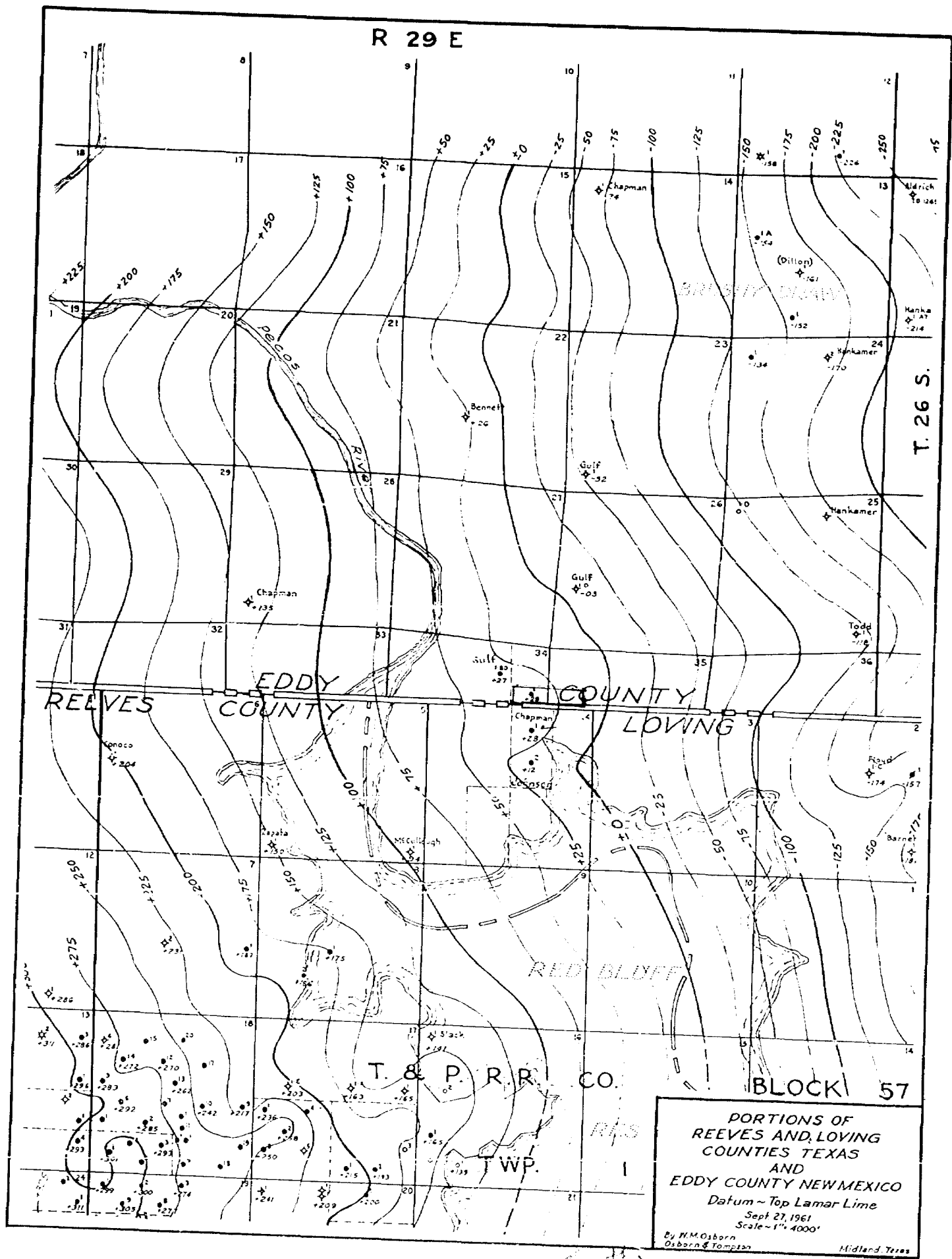
Yours very truly,

OSBORN & TOMPSON



W. M. Osborn

Encls.
WMO:ic



Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. A. Shellshear
DISTRICT MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
H. C. Vivian
DISTRICT SERVICES MANAGER

September 25, 1961

P. O. Drawer 1938
Roswell, New Mexico

RECEIVED
SEP 27 1961

HERVEY DOW & HINKLE
ROSWELL, NEW MEXICO

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

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

Re: Case No. 2398, Scheduled
for Examiner Hearing on
October 4, 1961

Gentlemen:

This is to advise that Gulf Oil Corporation has no objection to the application of Ford Chapman and Associates for a non-standard oil proration unit of 42.35 acres in an undesignated Delaware Pool in Eddy County, New Mexico, comprising Lot 12, Section 34 and Lot 9, Section 35, all in Township 26 South, Range 29 East.

Yours very truly,

W. A. Shellshear
W. A. Shellshear

JHH:dd

cc: Mr. George H. Hunker, Jr.
Hervey, Dow & Hinkle
Hinkle Building
Roswell, New Mexico

[Handwritten signature]

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. <u>2</u>
CASE NO. <u>2398</u>



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:)
Application of Ford Chapman for a)
42.35-acre non-standard oil proration)
unit, Eddy County, New Mexico.)

CASE NO. 2398

TRANSCRIPT OF HEARING

OCTOBER 4, 1961



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

October 4, 1961

IN THE MATTER OF:

Application of Ford Chapman for a
42.35-acre non-standard oil proration
unit, Eddy County, New Mexico. Appli-
cant, in the above-styled cause, seeks
the establishment of a 42.35-acre non-
standard oil proration unit in an unde-
signated Delaware pool comprising Lot 12,
Section 34 and Lot 9, Section 35, all
in Township 26 South, Range 29 East,
Eddy County, New Mexico, said unit to be
dedicated to the Curtis Hankamer Gulf-
Federal Pipkin No. 1 Well, located 330
feet from the South line and 605 feet
from the East line of said Section 34.

CASE NO. 2398

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2398.

MR. MORRIS: Application of Ford Chapman for a
42.35 acre non-standard oil proration unit, Eddy County, New
Mexico.

MR. BRATTON: Howard C. Bratton appearing for the
applicant.

FORD CHAPMAN,

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

DIRECT EXAMINATION



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1182

ALBUQUERQUE, N. M.
PHONE 243.6601

BY MR. BRATTON:

Q Will you state your name, sir.

A Ford Chapman.

Q Are you the owner and operator of the well which is the subject of this application?

A I am part owner and operator.

Q How long have you been in the oil business, Mr. Chapman?

A Thirty-one years.

Q You are an independent operator and drill your own wells and produce your own wells?

A Yes, sir.

Q You did drill this well which is the subject of this application?

A Yes, sir.

Q And you are familiar with the acreage situation surrounding it?

A Yes, sir.

Q Alright, sir. Will you state briefly, Mr. Chapman, what you are requesting here and why?

A We drilled a discovery well across the line in Texas this Spring and at that time Gulf supported this hole in New Mexico and offset two of their leases, one of them directly and another more diagonally. Sometime after we had completed



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6631

this discovery well, the primary period of these leases were coming close and I made a deal with them to drill a well for offsetting 40-acres and ---

EXAMINER UTZ: For offsetting the well in Texas?

MR. BRATTON: The situation is shown, I believe, is it not, on the plat which is attached to Exhibit 1?

A Yes.

BY MR. BRATTON:

Q Your No. 1 Well in Texas well was the discovery well?

A Yes, and this is offset, too. And we, not being so familiar with the laws of New Mexico, I think that it would be one proration unit and I found out that we have to have a hearing to have it made into a proration unit, a single proration unit, and that's the purpose of the hearing.

Q Now, Gulf farmed out to you the two approximately 20-acre tracts which you want to combine?

A Yes.

Q On the basis which you drilled your No. 1 Well in that lot number 12?

A Yes, sir.

Q Does Gulf own all of the rest of that acreage in 34 and 35?

A Yes, sir, that is to my knowledge they do. That's my knowledge. I have never seen any other name on the ownership



Q Gulf just farmed that out to you, these two 20-acre tracts?

A Yes.

Q That's all you have in the area?

A Yes, sir.

Q Have you obtained a geological report, Mr. Chapman, which is marked Exhibit 1?

A Yes, sir. We had that done by a very reliable firm in Midland, Osborne & Thompson.

Q Very briefly, without detailing it, what does it show as to the situation in this small pool?

A Well, it shows that this unit would be producing from the Delaware pay more or less flat right in that particular area and it doesn't show it to be a very large field. The entire field would have, I believe, possibly five or six more wells at the most in it. I think there is about two feet difference in the bottom of my well and Gulf's wells to the Northwest and there is no room for any other wells for Gulf, except maybe on Tract 5.

Q Is there any possibility of your communitizing Tract 12 and Lot 11?

A NO. That is a different lease. They drilled their well on Lot 6 to satisfy that lease.

Q In other words, Gulf owns Lot 11 and they wouldn't be



willing to communitize with you at this point?

A No.

Q What is the cost of a well in this area?

A Well, I believe it was Twenty Nine Thousand, something in that neighborhood.

Q What would the economics of that be after you reduced the allowable if you were just allowed a proportionate allowable?

A It would cut it in about half and in view of the fact it would be --- I wouldn't drill a well over on the adjoining lot there. It would only be a half allowable and half royalty there and the situation would never be changed. From an economic standpoint and from a reservoir standpoint, it wouldn't be advisable to drill a well.

Q Gulf does have the surrounding lots there?

A Yes.

Q And the pool is not apt to drain off of their acreage?

A I don't think so.

Q So that this would not develop into an irregular proration situation extending over any degree and affecting other people?

A No, sir.

Q Is there anything further you care to offer in connection with this case, Mr. Chapman?

A No, sir, not that I know of.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 213-6671



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6031

MR. BRATTON: We would offer applicant's Exhibit No. 1 in evidence, and also we would like to mark as Exhibit 2 and offer into evidence a letter from Gulf Oil Corporation saying that they have no objection to this application.

EXAMINER UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

MR. BRATTON: That's all I have.

BY MR. UTZ:

Q I believe you stated that from the geological standpoint it would not be feasible to drill a well in lot 9?

A Not from an economic standpoint.

Q Because of the smallness of the lots?

A The smallness and the allowable. In other words, it wouldn't justify our drilling 40-acres spacing across in Texas.

Q Do you feel that your Exhibit 1 shows that this lot 9 is productive?

A Yes, sir.

Q Do you feel that the location of your Pipkin No. 1 is sufficient; that it would drain lot 9?

A Yes, sir, I do. If you will notice here how Gulf has theirs located, the only other place to keep the pattern going would be to drill a well in lot 8, that way it would space the wells fairly within a reasonable production pattern.



Q Actually, the well might drain a little in Texas oil?

A Well, yes, it would be coming off us, though.

MR. UTZ: Are there any other questions of the witness?

The witness may be excused.

Are there any other statements in this case?

MR. BRATTON: Frankly, I don't know why Gulf farmed out these two 20-acre tracts to Mr. Chapman. I am sure he doesn't -- they are both on the same lease, so it is not a case of splitting the whole lease. I don't believe anybody else would be hurt, except as you say, bringing a little Texas royalty into New Mexico, and for that reason I believe that Mr. Chapman's application could and should be granted. I don't think it would hurt anybody. It would be a hardship on him if it were not granted.

EXAMINER UTZ: Are there any other statements?

The case will be taken under advisement.

* * * * *

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6631

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 skill and ability.

DATED this 29 day of October, 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. 2388, heard by me on Oct. 4, 1961.
Thos. A. W. Examiner
 New Mexico Oil Conservation Commission

ARMSTRONG-HEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
 PHONE 325-1112