

BEFORE THE

Oil Conservation Commission

SANTA FE, NEW MEXICO

May 18, 1955

IN THE MATTER OF:

CASE NO. 898

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

ROOMS 105, 106, 107 EL CORTEZ BUILDING

TELEPHONE 7-9546

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:

Applicant, in the above-styled cause, seeks an exception to Rule 5(a) of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520, to permit the establishment of a 320-acre non-standard gas proration unit consisting of Lots 7, 8, 9, 10 and SE $\frac{1}{4}$ of Section 2, Township 21 South, Range 36 East, Lea County, New Mexico, and to be dedicated to applicant's State "C" Tract 11, Well No. 1, located 660 feet from the south and east lines of said Section 2.

BEFORE:

TRANSCRIPT OF HEARING

R. G. H I L T Z

DIRECT EXAMINATION

Q Will you state your name, please?

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q You have testified before the Commission on other occasions, have you not?

A Yes, I have.

MR. SMITH: I will ask the Commission if the qualifications as an expert witness are acceptable?

MR. MACEY: They are.

Q Directing your attention to Case 898, which is the application of Stanolind Oil and Gas Company for approval of a 320-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, to consist of Lots 7, 8, 9, 10 and southeast quarter of Section 2, Township 21 South, Range 36 East, and to be dedicated to applicant's State "C" Tract 11, Well No. 1, located 660 feet from the south and east lines of Section 2, do you have a map or exhibit which would reflect the location of that well?

A Yes, sir, I do.

(Marked Stanolind Oil and Gas Company's Exhibit No. 1, for identification.)

Q Where is this well located with reference to the Exhibit 1?

A On Stanolind's Exhibit No. 1, the well is shown to be located on Stanolind's State "C" Tract 11 lease, 660 feet from the south line and 660 feet from the east line of Section 2, Township 21 South, Range 36 East.

Q How does the 320 acres proposed to be included within the unit lie with respect to the Section?

A By my manner of description, the proposed proration unit would comprise the most southerly 320 acres in Section 2, which is an over-sized governmental sub-division.

Q It does not constitute a complete half-section, in other words?

A That is correct. It is only the 320 acres as indicated, as outlined in red.

Q What is the completion history of the well?

A This well was originally completed in November of 1937, as a Eunice Oil Well, with an initial potential of 108 barrels per day in the Grayburg Formation. Subsequently, however, the Grayburg section was abandoned by squeeze cementing, and the well was completed as a gas well in the Eumont Gas Pool in February of 1954.

Q Is that its current status? Is it still a gas well in the Eumont Gas Field?

A Yes, it is.

Q What is the current situation with reference to the proration unit in which the well is located?

A The well is currently assigned a proration unit comprising the southeast quarter of Section 2 on a total of 160 acres.

Q What do you propose with reference to the unit to be formed?

A As previously stated, we propose to enlarge the unit by the inclusion of the 160-acre quarter section immediately to the north of the present proration unit.

Q Are there other proration units in the vicinity?

A Yes, sir, there are a number of them.

Q Do you have a map showing that?

A Yes, I do.

(Marked Stanolind Oil and Gas Company's
Exhibit No. 2, for identification.)

Q Will there be any interference, by reason of the formation of this 320-acre unit because of the other units in the vicinity?

A It is obvious that the proration units in this area of the

field vary greatly in size, ranging, as shown on this map, from units 40 acres in size to 320 acres, and it is obvious that there is no uniformity in size or shape, of the existing proration units in the area. That has been occasioned, of course, by the fact that a majority of the wells have been, the gas completions rather, have resulted, either from recompletions or dual completions of existing wells.

Q What is your testimony with reference to whether or not the additional acreage to be included within the proposed unit is productive?

A Referring to our Exhibit No. 1, it is readily apparent that the proposed proration unit is entirely surrounded by producing gas wells. On Exhibit 1 we have circled those wells in orange. In addition, Exhibit 1 has been contoured on top of the Yates Formation, as prescribed by the New Mexico Oil Conservation Commission, and based on our interpretation of the structure in this area there are no structural barriers or anomalies which would act as an impediment to communication throughout the proposed proration unit area.

Q Do you have a cross-section of the productive area?

A Yes, sir. Again referring to Exhibit 1, you will note the trace of a cross-section indicated by a green line.

(Marked Stanolind Oil and Gas Company's
Exhibit 3, for identification.)

A An examination of this cross-section will illustrate the fact that the Yates, Seven Rivers and Queens are readily identified, and can be easily correlated from well to well, indicating the section is continuous and there are no obvious impermeable barriers to

communication throughout the proposed proration unit area.

Q I believe you already testified that the unit that is proposed is surrounded by producing gas wells?

A Yes, sir, that is correct.

Q What is the situation with respect to common ownership of the working interest and royalty interest in the proposed unit area?

A In the proposed unit working area, the unit interest and working interest is common throughout.

Q It is all within one government section?

A That is correct.

Q Is the acreage continuous and contiguous?

A Yes, sir, it is.

Q It is all within what has been denominated by the Commission as the Eumont Pool?

A Yes, sir, that is correct.

Q Are there any other wells to which this acreage included in the proposed unit could be attributed?

A No, sir, there are no other gas wells on the 320 to which it can be assigned.

Q If the Commission should grant our request here, it would result, would it not, in the lack of necessity for drilling an unnecessary well?

A That is correct.

Q In other words, in your opinion, you would not acquire any more gas in any substantial quantities by reason of drilling an additional well on the 160 acres?

A No.

Q Will correlative rights be adequately protected by reason of the Commission's granting our request?

A In my opinion it will be.

Q It will give all the 40's in the area a chance to obtain the fair share of the gas in place, in your opinion?

A Yes, sir.

MR. MACEY: Any questions of the witness?

CROSS EXAMINATION

By MR. REIDER:

Q Would you repeat, Mr. Hiltz, the acreage you propose to dedicate, the lot numbers?

A There is some questions about the lot numbers. In our application we specified the most southerly 320 acres. However, I notice on the Commission's docket, they list that as Lots 7, 8, 9, 10. With the maps we have in our offices, that numbering is incompatible with the acreage that we described.

MR. REIDER: That is what we need here. As a matter of record, I would like that to show Lots 9, 10, 15 and 16 in the southeast quarter.

Q Further Mr. Hiltz, you feel that this well could make the additional allowable?

A Based on its current producing ability I do not, I am not certain that it could make the additional allowable. However, there is always the incentive to go in and restimulate the well and increase its productivity.

Q We rather question the ability of the well to produce. So you say you would go in and stimulate it so that it would go in and make its further allowable?

A I am not committing Stanolind to any workover plans on that well. I am stating that the incentive will be there to stimulate the well, if it is incapable of producing the allowable it would normally be assigned.

Q My only question is whether you are getting the cart before the horse, giving the additional allowable.

RE-DIRECT EXAMINATION

By MR. SMITH:

Q It is economically more feasible to rework a well than drilling another well in this area?

A I would say that is certainly true.

MR. REIDER: I wonder if it would be more practical to wait for the assignment --

MR. SMITH: Is the Commission committed to give us the 320 acres if we rework the well?

MR. REIDER: It might seem more justified.

MR. MACEY: Do you have anything further, Mr. Reider?

MR. REIDER: No.

MR. MACEY: Any other questions of the witness?

MR. SMITH: I would like to offer Stanolind's Exhibits 1, 2 and 3.

MR. MACEY: Without objection they will be received. Anything further?

MR. SMITH: Nothing further.

(Witness excused.)

MR. MACEY: If no further questions we will take the case under advisement.

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

I, ADA DEARNLEY, Court Reporter, do hereby
certify that the foregoing and attached transcript of proceedings
before the New Mexico Oil Conservation Commission at Santa Fe,
New Mexico, is a true and correct record to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial
seal this 24th day of May, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955