

BEFORE THE  
**Oil Conservation Commission**

SANTA FE, NEW MEXICO

May 18, 1955

IN THE MATTER OF:

CASE NO. 899

**TRANSCRIPT OF PROCEEDINGS**

**ADA DEARNLEY AND ASSOCIATES**

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
May 18, 1955

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INTHE MATTER OF:

The application of Stanolind Oil and Gas Company  
for approval of an unorthodox gas proration unit.

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 establish-  
ment of a 320-acre non-standard gas proration  
unit consisting of E/2 Section 21, Township 20  
South, Range 37 East, Lea County, New Mexico,  
said unit to be dedicated to applicant's O. J.  
Gilluly Well "B" No. 6X, located 390 feet from  
the north line and 660 feet from the east line  
of said Section 21.

Case No. 899

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BEFORE:

Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case No. 899.

MR. SMITH: May it please the Commission, Mr. Hiltz is our  
only witness in this case, too. He has been sworn in the previous  
case. I would like to inquire of the Commission if they would  
accept his qualifications as an expert witness in this case?

MR. MACEY: They will.

R. G. H I L T Z ,

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

DIRECT EXAMINATION

By MR. SMITH:

Q State your name, please.

A R. G. Hiltz.

Q You are employed by Stanolind Oil and Gas Company?

A Yes, I am.

Q In what capacity?

A I am proration engineer in Stanolind's North Texas-New Mexico Division in Fort Worth, Texas.

Q Directing your attention to Case 899, which is a request for approval of a 320-acre non-standard gas proration unit consisting of the East half of Section 21, Township 20 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's O. J. Gilluly Well "B" No. 6X, located 390 feet FNL and 660 feet FEL of said Section 21. I don't know what the FNL stands for.

A Yes, sir, that is from the north line.

Q Is that statement a correct statement of the location of the well in the proposed unit?

A Yes, sir, that is correct.

Q What is the completion history of the well?

A It was originally completed in December of 1939 as a Monument Oil Field well, with an initial potential of 43 barrels per day in the Grayburg Formation. Application to dually complete the well for gas in the Eumont Field was made in March, 1954, and was approved by Commission Order No. DC-85, dated March 16, 1954.

Q Is that the current status of the well now?

A I have some more data on it.

Q Proceed.

A Subsequently the oil zone was successfully plugged back and tested until commercial production was obtained from additional perforations opposite the Grayburg Formation. Various intervals were then perforated from 2,678 feet to 3,495 feet opposite the Yates, Seven Rivers and Queen Section in the Eumont Gas Field, and the well was given an acid-wash treatment of 500 gallons. Production packer was set at 3,575 feet to affect the dual completion as approved by the Commission, after which the well wested 4,838 MCF per day at a line pressure of 945 pounds. That was from the gas zone. It also indicated an ability to produce oil from the Grayburg at the rate of about six barrels per day. That completion was affected in September of 1954.

Q Is that also the date of the potential test that was taken?

A Yes, the well was potentialled in September of '54.

Q Is the well presently producing from the Eumont Gas Pool?

A Yes, sir.

Q What is the current situation with reference to the proration unit assigned to the producing well?

A Prior to going into that, I think it would be desirable to go ahead and introduce the map of the area, showing the location of the well.

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

Q You have prepared a plat showing the location of the well involved in this case?

A Yes, sir, I have.

Q It has been marked for identification purposes as Stanolind's

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Exhibit No. 1. Do you have any comments to make at this time with respect to Stanolind's Exhibit No. 1?

A I would like to point out that the well to which the proposed acreage would be assigned is encircled in red and the proposed gas proration unit is also encircled in red. Other pertinent information will be discussed later.

Q Do you have another exhibit or map showing the size and location of units in the vicinity of the proposed unit?

A Yes, sir, I do.

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

Q With respect to these other units in the vicinity, is there any comment you would care to make about the size and location of them?

A Yes.

Q What is that comment?

A Again in this case, the size and shape of the units vary considerably. We can note in this immediate area of the field that proration units vary in size from 80 to as great as 480 acres.

I should also like to point out that the Commission has recently approved a request, essentially identical to this, for a non-standard proration unit for Sinclair's Roach No. 1; the proration unit approved comprising the western half of this same section. Also on this Exhibit No. 2, we have outlined again the proposed proration unit in this case.

Q Do you have any evidence or testimony with respect to whether or not the acreage to be included within the proposed unit is productive?

A Yes, from an examination of Exhibit 1 and Exhibit 2, it is apparent that the proposed unit is virtually surrounded by producing gas wells. In addition, an examination of Figure 1, will show that from a structural standpoint, there do not appear to be any structural anomalies in this case which would act as any impediment to communication throughout the proposed area. Further to illustrate the --

Q (Interrupting) Do you have a cross-section reflecting the continuity of pay in the area?

A Yes, sir. The trace of this cross-section is shown on Exhibit 1, by a green line.

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

A Relative to the cross-section, it illustrates the fact that the Eumont gas pay can be readily identified and correlated from well to well throughout the area indicated by the cross-section. There are no obvious impermeable barriers to communication throughout the area, hence, I believe that the proposed gas proration unit consists of a continuous and reasonably developed Eumont gas pay.

Q That is your opinion. What is your belief?

A Yes, whichever I said, I will corroborate it by the other.

Q Are the working interests and royalty interest common?

A Yes.

Q It is all in one section?

A Yes, sir.

Q The acreage is continuous and contiguous?

A Yes, sir.

Q Is the acreage all within the Eumont Pool limits?

A Yes, sir.

Q Is there any other acreage to which, or is there any other well to which this acreage could be attributed?

A No, sir, there is not.

Q If the Commission grants this request or application, it would avoid the drilling of an unnecessary well, in your opinion?

A That is correct.

Q Will such action on the part of the Commission prevent waste and protect correlative rights?

A Yes.

Q And give the operators an opportunity to recover the fair share of the reserves?

A Yes.

MR. SMITH: That is all.

CROSS EXAMINATION

By MR. NUTTER:

Q I believe you gave the depth that the production packer was set?

A The information I have indicates that it was set at 3,575 feet.

Q Where is the casing set in that well? Our file is incomplete.

A I don't have it readily available. I will be happy to get it for you and furnish it.

Q Is the well completed with open hole; or is casing set?

A It was perforated both in the Grayburg and Eumont pay, so I think that casing was possibly set well into the Grayburg, or possibly through it.

Q On the location, am I correct in stating that the well is

located 390 feet from the north line and 660 feet from the east line

of that section?

A That is correct.

Q According to Rule 5(a) of Order R-520, I believe that 160 acres is the maximum acreage that can be assigned to a well with 660, 660 spacing?

A I believe that is with administrative approval, or without notice or hearing. I know of nothing to prevent the Commission authorizing any size proration unit after notice and hearing.

Q Also, I think that Rule ~~35~~5(a) of Order R-520, will give a 300 foot or 330 foot tolerance to a well that has been completed and producing before that order went into effect?

A I believe that is correct.

Q The effective date of the order is August 12, 1954?

A Yes, I believe that is correct.

Q This well was completed in September, 1954?

A No, it was dually completed at that time.

Q It was dual completion?

A It was originally completed in December of 1939. We re-entered the well in September of 1954, reworked the Grayburg and dually completed in the Eumont.

Q But it was not dually completed, nor producing from the Eumont at the time of the effective date of the order?

A That is correct.

MR. NUTTER: That is all.

MR. MACEY: Anyone else have any questions of the witness?

A Let me add one further comment there. The Commission had



approved dual completion in that location in March of 1954, which was well in advance of the issuance of the Order R-520.

Q (By MR. NUTTER) But the well was not producing from the Eumont at the time that the order went into effect?

A No, I don't believe it was.

MR. NUTTER: That is all.

By MR. CHRISTIE:

Q Do you think that the increase in allowable that you might get on the allowable, would cause any physical waste by the concentration of waste around that particular corner? That is, the southeast corner of Section 16 and northwest corner of Section 22?

A No, sir, I know of no physical underground waste that would occur, nor any surface waste.

MR. CHRISTIE: That is all.

MR. MACEY: Does anyone else have a question of the witness? If not the witness may be excused.

(Witness excused.)

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

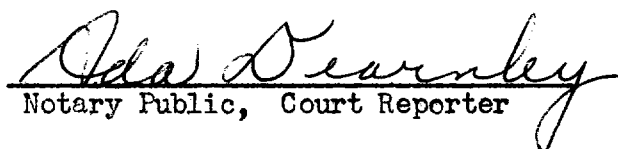
MR. SMITH: No, except I would like to offer into evidence Stanolind's Exhibits 1, 2 and 3.

MR. MACEY: Without objection they will be received. Anyone have anything further in this case? If not 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 25th day of May, 1955.

  
Notary Public, Court Reporter

My Commission Expires:

June 19, 1955