

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 910

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

May 18, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for approval
of a 320-acre non-standard gas proration unit in
the Arrow Gas Pool, Lea County, New Mexico, to
consist of N/2 Section 25, Township 21 South,
Range 36 East, and to be dedicated to applicant's
William A. Ramsay "B" Well No. 2, located 1980'
FNL and 660' FWL of said Section 25.

Case No. 910

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 910.

MR. MALONE: Ross Malone, appearing for Gulf Oil Corporation
in Case No. 910.

D O N W A L K E R

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. MALONE:

Q Would you state your name to the Commission, please?

A Don Walker.

Q You live in Fort Worth, Mr. Walker?

A Yes, sir.

Q Employed by Gulf Oil Corporation?

A That is right.

Q In what capacity?

A I am the Division Proration Engineer and have been so employed for the last three and a half years.

Q You have not previously testified before this Commission, have you, Mr. Walker? A No, sir.

Q You have testified before other Commissions?

A That is right.

Q How long have you been with Gulf?

A I went to work for Gulf in 1935, and deducting four years for Army service, it leaves a net of sixteen years. I worked about seven years in the field and about three and a half years in the reservoir and reserves and evaluation work before I got into this proration field.

MR. MALONE: Are the witness's qualifications satisfactory?

MR. MACEY: They are.

Q Are you familiar with the application filed by Gulf in Case No. 910? A Yes, sir.

Q The purpose of that application is what?

A This is an application of Gulf Oil Corporation for approval of 320 non-standard, in the Arrow Gas Pool to consist of the north half of Section 25, T 21 south, R 36 east, to be dedicated to our William A. Ramsay "B" No. 2, located 1980 feet from the north line and 660 from the west line of Section 25.

Q Have you caused a plat to be prepared showing the acreage which it is proposed to include in the unit?

A Yes, sir, I have.

(Marked Gulf Oil Corporation's Exhibit No. 1, for identification.)

Q Has that plat been marked as Gulf's Exhibit 1?

A Yes, sir.

Q Have you caused a plat to be prepared showing the relationship of the proposed unit to other approved units in the area?

A I have.

(Marked Gulf's Exhibits Nos. 2,
3 and 4, for identification.)

Q Have you caused a plat to be prepared showing the contouring of the area on top of the Yates? A Yes, sir.

Q Were these plats prepared under your supervision, Mr. Walker? A They were.

Q Who is the owner of the leasehold estate as to all of the acreage included in the proposed unit?

A Gulf Oil Corporation.

Q By whom are the royalty interests owned?

A State of New Mexico.

Q What well is it proposed to attribute the acreage to?

A The William A. Ramsay "B" No. 2, located I believe as stated before, 1980 feet from the north line and 660 from the west line of Section 25, T 21, R 36.

Q From what gas pool is that well producing?

A From the Arrow Gas Pool.

Q I invite your attention to the fact that a producing oil well is shown on Gulf's Exhibit 1 which is the proposed unit. From what pool is that oil well producing?

A It is producing Grayburg oil from the Arrowhead.

Q Can you give us a brief history of the William A. Ramsay "B" State No. 2 well?

A This well was plugged back from an old Arrowhead oil producer to an Arrow Gas Pool producer on June 18, 1951. It was turned into the Eunice Gas System on December 28, 1951, and is now producing within the vertical limits of the Arrow Gas Pool. The perforated interval, it is perforating through casing from 3720 to

3630 and from 3580 to 3530.

Q Do you have available a sample log of this well?

A Yes, sir, we do have a sample log and it is indicated on the sample log as the top of the Queen formation, and the perforated interval.

Q Has that Exhibit been marked Gulf's Exhibit 4?

A Yes, sir.

Q What information do you have as to the ability of this well to produce the proposed allowable in the event the unit is approved?

A This well is presently assigned a 160 acre allowable of approximately 770 M.C.F. per day. If the 320 acre is assigned as proposed, the allowable would be approximately twice that amount of 1520 M.C.F. per day. The well produced 3,190 M.C.F. at a pressure of 638 P.S.I.A. during the test in May of 1953.

Q In your opinion is all of the acreage which would be included in the proposed unit reasonably productive of gas?

A Yes, sir.

Q On what do you base that conclusion?

A Based on offset wells in the immediate area as well as the contours on top of the Yates, which would indicate the rest of our 320 acre lease there to be productive. On the basis of this, I believe the unit can be, the total unit can reasonably be assumed to be productive of gas.

Q In connection with the application for administrative approval of this unit, was notice given to the adjoining operators?

A Yes, sir. I was looking for the application, I don't see it, but I am sure it was.

Q Were any protests received? A None.

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Q In your opinion is it practical to combine the acreage which you propose to add to the existing unit, with any other existing well in the area?

A We don't feel that it is, no, sir.

Q Would this unit permit Gulf to recover its just and equitable share of the gas in the pool?

A Yes, sir. We feel that it would.

Q If the unit is not approved, what would be required for Gulf to do so?

A Gulf would have to drill another gas well on the east 160 and we consider this an unnecessary waste of expenditure.

Q In your opinion would the approval of Gulf's application prevent waste and protect correlative rights of owners in the pool?

A Yes, sir.

MR. MALONE: We offer in evidence Gulf's Exhibits 1, 2, 3 and 4.

MR. MACEY: Without objection they will be received.
Do you have anything further?

MR. MALONE: Nothing further on Case 910.

CROSS EXAMINATION

By MR. MONTGOMERY:

Q What is done with the gas after it is used for the gas lift in the oil?

A I don't believe I have that information available. Just a minute, maybe I can tell.

Q I was referring to Rule 404 or 3 where it says "after completion of natural gas well, no gas from such well shall be used to gas lift oil wells unless oil-gas produced is processed in gasoline

plants and beneficial thereafter without waste".

A I assume it is being handled accordingly, but I will have to get a positive answer for you.

Q It is not being flared?

A So far as I know it isn't.

MR. MACEY: The well produces into your Eunice Gas System?

A Yes, sir.

Q Doesn't Gulf contemplate the eventual abandonment of that system?

A We have been working toward the elimination of the gas lift. We have reduced the system drastically because we had to, and as far as we have been able to we have put wells on pumps to eliminate the gas lift system.


MR. MACEY: Does the approval of this unit, would you have to do any communitization work in regard to the two state leases involved?

A I believe we would. There is a 40 acre Graham State lease involved, which we would have to get the approval of the Land Commissioner. I believe that it is our understanding that it is the Land Commissioner's office' desire that they are approved here first before presented to them.

MR. MACEY: Anyone have anything further in this Case 910? If not we will take the case under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 910, was taken by me on May 18, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.


Reporter