

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 70

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO NOMENCLATURE COMMITTEE FOR AN ORDER REVISING ORDER 588 DEFINING FIELDS IN THESE RESPECTS: TO DESIGNATE ALL SO-CALLED "FIELDS" DEFINED IN SAID ORDER AND IN ALL SUPPLEMENTS ISSUED THEREUNDER AS "POOLS". DELETE FROM DEFINITION OF GRAYBURG-JACKSON POOL ALL SECS. 13, 24 and 25, T. 17S., R. 31E., and ADD TO DEFINITION OF MALJAMAR POOL THE S $\frac{1}{2}$ SEC. 13, all of SECS. 24 AND 25, T. 17S., R. 31E. DELETE FROM EMPIRE POOL THE SE $\frac{1}{4}$ SEC. 19., T. 17S., R. 28E., AND ADD TO RED LAKE POOL THE SE $\frac{1}{4}$ SEC. 19, and NE $\frac{1}{4}$ SEC. 30, T. 17s., R. 28E. DELETE FROM DEFINITION OF SKAGGS POOL ALL OF SEC. 23, T. 20S., R. 37E., TO BE KNOWN AS THE PENOCO POOL, TO INCLUDE OIL AND GAS PRODUCTION FROM THE PENNSYLVANIAN FORMATION FOUND IN THE SKAGGS B-23 WELL NO. 2. SW $\frac{1}{4}$ NW $\frac{1}{4}$ SEC. 23 AT DEPTHS OF 7700 to 7725 FEET THROUGH CASING PERFORATIONS. DELETE THE WORD "YESO" FROM THE NAME DRINKARD-YESO POOL. DELETE THE WORD "ELLENBURGER" FROM THE NAME DUBLIN-ELLENBURGER POOL. APPROPRIATE PROVISION AND PROCEDURE WHEREIN THE OIL CONSERVATION COMMISSION MAY IN ITS DISCRETION ADOPT IN EXECUTIVE SESSION CHANGES OF POOL BOUNDARIES AND DESIGNATION OF NEW POOLS UPON THE RECOMMENDATION OF THE NEW MEXICO NOMENCLATURE COMMITTEE.

Pursuant to notice by the Commission, duly made and published setting December 8, 1945 at 10 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the New Mexican Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN E. MILES, State Land Commissioner, Member
HON. R. R. SPURRIER, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk & Legal Adviser

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Glenn Staley	Lea County Operators	Hobbs, N. M.
Clarence Hinkle	Potash Company of America, Atty.	Roswell, N.M.
Geo. D. Riggs	Geologist	Carlsbad, N.M.
George W. Selinger	Skelly Oil Company	Hobbs, N.M.
Paul C. Evans	Gulf Oil Corporation	Hobbs, N. M.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
Harry A. Aurand	Potash Company of America	Carlsbad, N.M.
M. W. Phelan	Richfield Oil Corporation	Los Angeles
George K. Gibson	Richfield Oil Corporation	Los Angeles
T. P. Ellsworth	Richfield Oil Corporation	Bakersfield, Cal.
Lewis Finch, Jr.	Stanolind Oil & Gas Company	Ft. Worth, Texas

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth, Atty.	Stanolind Oil & Gas Company	Santa Fe, N.M.
John M. Kelly	Geologist	Roswell, N. M.
C. S. Rose	Repollo Oil Company	Midland, Texas
G. H. Gray	Repollo Oil Company	Midland, Texas
Robert A. Pierce	Potash Company of America	Carlsbad, N.M.
L. W. Lodwick	Independent	Roswell, N. M.
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
Foster Morrell	U. S. Geological Survey	Roswell, N.M.
Chuck Aston	Consulting Geologist	Artesia, N.M.
Robert L. Bates	State Bureau of Mines & Mineral Resources	Socorro, N.M.

"NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10 A. M., December 8, 1945:

In the matter of the application of the New Mexico Nomenclature Committee for an order revising order 588 defining fields in these respects: To designate all so-called "fields" defined in said order and in all supplements issued thereunder as "pools". Delete from definition of Grayburg-Jackson pool all Secs. 13, 24 and 25, T. 17S., R. 31E., and add to definition of Maljamar pool the S $\frac{1}{2}$ Sec. 13, all of Secs. 24 and 25, T. 17S., R. 31E. Delete from Empire pool the SE $\frac{1}{4}$ Sec. 19., T. 17S., R. 28E., and add to Red Lake pool the SE $\frac{1}{4}$ Sec. 19, and NE $\frac{1}{4}$ Sec. 30., T. 17S., 28E., delete from definition of Skaggs pool all of Sec. 23, T. 20S., R. 37E., to be known as the Penoco pool, to include oil and gas production from the Pennsylvanian formation found in the Skaggs B-23 well No. 2. SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 23 at depths of 7700 to 7725 feet through casing perforations. Delete the word "Yeso" from the name Drinkard-Yeso pool. Delete the word "Ellenburger" from the name Dublin-Ellenburger pool. Appropriate provision and procedure wherein the Oil Conservation Commission may in its discretion adopt in executive session changes of pool boundaries and designation of new pools upon the recommendation of the New Mexico Nomenclature Committee.

P R O C E E D I N G S

MR. FOSTER MORRELL: Commission please, I would like to call Mr. Glenn Staley to present the first part of the testimony.

(After being duly sworn Mr. Glenn Staley testified as follows)

MR. STALEY: We will designate all so-called fields that are defined in Order 588, and all supplements issued thereunder

as pools instead of defining them as fields. In the introduction, the outline of procedure is that of the New Mexico Nomenclature Committee, revised December 1, 1945, and revised list of the members as of December 1, 1945.

This is the outline of procedure for the New Mexico Nomenclature Committee, revised December 1, 1945.

Present Members of the Committee

Aston, Chuck (Assistant Secretary)	Ward Building, Artesia, New Mexico
Bates, R. L.	State Bureau of Mines and Mineral Resources Socorro, New Mexico
Billinger, W. R.	Shell Oil Co., Box 1457, Hobbs, New Mexico
Boss, R. L. (Vice-Chairman)	Gulf Oil Corp., Box 1667, Hobbs, New Mexico
Gray, Ralph	Stanolind Oil and Gas Co., Box F, Hobbs, N.M.
Knoepfel, R. M.	Atlantic Refining Co., Box 808, Carlsbad, N.M.
Lamb, N. R.	Continental Oil Co., Box CC, Hobbs, N. M.
Morrell, Foster (Chairman)	U.S. Geological Survey, Box 997, Roswell, N.M.
Scott, W. E.	Buffalo Oil Co., Box 265, Artesia, N. M.
Staley, Glenn (Secretary)	Lea County Operators' Committee, Drawer I, Hobbs, New Mexico
Spurrier, R. R. (EX-Officio Member)	Oil Conservation Commission, Box 871, Santa Fe, New Mexico

The purpose of the recommended changes in Order No. 588, is to designate all so-called "fields" defined in said order and in all supplements issued thereunder as "pools".

"INTRODUCTION

The discovery of oil and gas in formations of Pennsylvania and Ordovician ages, the structural conditions or areas of accumulations of which differ widely from structures and accumulations controlling Permian production, and the development of production from Permian formations which includes common accumulations extending into more than one defined field, has necessitated a revision in the terminology of fields and pools of south-

eastern New Mexico as used in Order No. 588 of the New Mexico Oil Conservation Commission and in the original Outline of Procedure for the New Mexico Field Nomenclature Committee.

"It is recognized that so far as possible all oil and gas from a single common reservoir should be produced, measured, and recorded separately. Under field definitions heretofore recommended by the Field Nomenclature Committee and approved by the Oil Conservation Commission some developed and potential common reservoirs extend into more than one field and the records of production and proration are divided by fields.

"To unify and simplify records and proration it is now recommended that the existing 'fields' definitions approved under Order No. 588 and supplements Nos. 1, 2 and 3 thereof be retained as to land descriptions but that they be considered hereafter as definitions of 'pools'.

"For the above reasons the Outline of Procedure for the New Mexico Nomenclature Committee, heretofore known as the New Mexico Field Nomenclature Committee has been revised as of December 1, 1945."

(Outline of Procedure filed as Exhibit "A")

"The purpose of the recommended change in Order No. 588 is to designate all so-called 'fields' defined in said order and in all supplements issued thereunder as 'pools'. The land descriptions of the previously defined fields are to be retained and are hereafter to be referred to as defined pools, except for specific changes to be recommended. The oil and gas accumulations and reservoirs at different depths and from separable geologic formations are so overlapping that the further use of field definitions would be misleading and cause confusion in the records.

"It is intended that all presently developed and future developed oil and gas production be classified by pools. The

particular geologic formation or formations from which each pool produces will be appropriately noted in the records. Separation of production by geologic formations in existing pools based on definitions under Order No. 588 and Supplements Nos. 1, 2 and 3 thereof will be made only at the request of the Commission or on application of the operators to the Commission, in either case the Committee is to be furnished with adequate evidence to support the request."

(Supplemental Statement filed as Exhibit "B")

MR. MORRELL: Mr. Chuck Aston will give justification for the name changes.

(After being duly sworn, Mr. Chuck Aston testified as follows)

MR. ASTON: Notice of Hearing states to delete from the definition of the Grayburg-Jackson pool all secs. 13, 24 and 25, T. 17S., R. 31E., and add to definition of Maljamar pool the S $\frac{1}{2}$ sec. 13, all of secs. 24 and 25, T. 17S., R. 31E.

The justification for this proposal is that oil production in secs. 24 and 25, T. 17S., R. 31E is from both the Grayburg and San Andres formations, the pay zones being found from depths of 3430 to 3975 feet. Recent developments in secs. 14, 15, 22 and 23, T. 17S., R. 31E., indicate an area of transition in structure, sediments and porosity sufficient to warrant a revised definition between these two pools, even though they are on the same major geological structure.

Next, the Notice of Hearing states delete from the Empire pool the SE $\frac{1}{4}$ of sec. 19, T. 17S., R. 28E., and add to Red Lake pool the SE $\frac{1}{4}$ sec. 19 and NE $\frac{1}{4}$ sec. 30, T. 17S., R. 28E.

Justification: the oil production from the Empire pool is predominately from the Yates formation with pay zones from 450 to 650 feet. No such shallow production has been developed in the SE $\frac{1}{4}$ sec. 19, T. 17S., R. 28E. Two wells have been completed recently in the SE $\frac{1}{4}$ sec. 19 with production from the Grayburg

and possibly upper San Andres formations, and pay zones ranging from depths of 1750 to 1900 feet. These are the same pay zones from which production is obtained in the Red Lake pool. It is intended that the SE $\frac{1}{4}$ sec. 19 be deleted from the Empire pool and added to the Red Lake pool for these reasons. The Red Lake pool is also extended to embrace the NE $\frac{1}{4}$ sec. 30 to include additional production recently developed on that land from the Grayburg formation."

"The Notice of Hearing states delete from definition of Skaggs pool all of sec. 23, T. 20S., R. 37E., and make the following pool definition: all of sec. 23, T. 20S., R. 37E., to be known as the Penoco pool, to indicate oil and gas production from the Pennsylvanian formation found in the Skaggs B-23 well No. 2, SW $\frac{1}{4}$ NW $\frac{1}{4}$ sec. 23 at depths of 7700 to 7725 feet through casing perforations."

"Justification: oil production in sec. 23, T. 20S., R. 37E., is from the Pennsylvanian formation found in the Skaggs B-23 well No. 2, SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 23, at depths of 7700 to 7725 feet through casing perforations. This production in the original Skaggs pool in sec. 24, T. 20S., R. 37E., and secs 19 and 30, T. 20S., R. 38E., which is obtained from pay zones at depths of 3700 to 3889 feet in the Grayburg formation. The Pennsylvanina production in sec. 23 was designated as a new pool known as Skaggs-Deep pool by Supplement No. 3, and it is now intended to change the name of the pool to the Cass pool. The original recommendation for the pool name was "Penoco" but this was later considered as possibly confusing with the trade name of the Penn Oil Company, and the name "Cass" is now recommended by majority vote of the Nomenclature Committee."

"Notice of Hearing states delete the word "Yeso" from the name Drinkard-Yeso pool. Delete the word 'Ellenburger' from the name Dublin-Ellenburger pool.

"Justification: in view of the recommended change in use of

term "pool" in lieu of previously defined "fields," it is considered that the formation name need no longer be hyphenated to the pool name. Each pool will be given a separate name and the formation from which production is obtained will be appropriately recorded but not made a part of the pool name."

It is the recommendation of the Nomenclature Committee that the above changes be made effective January 1, 1946, so that all records of production may be retained on an annual basis.

MR. MORRELL: That completes the evidence we have in this case.

MR. SELINGER: Mr. Staley, in the Nomenclature Committee Recommendation for designation of pools they indicate the condition of getting out the proration schedule, indicating a separate unit allowable for each pool.

MR. STALEY: That is true.

MR. SELINGER: At the present time the schedule does not give recognition to pools but merely to units regardless of the pay formation, is that right?

MR. STALEY: That is true.

MR. SELINGER: That is all.

MR. SPURRIER: Any further questions or comments to be offered on this case?

MR. SELINGER: With reference to the last line in the call notice in Case No. 70. The Commission is well aware of the fact that a number of pools in the State of New Mexico are receiving oil well payment from the OPA, and I would like to plead with the Commission in re-defining pools that they take into consideration the confusion that would result in the changing of pools insofar as they are affected by subsidies. Last year in the Penrose and Skelly areas where operators received a so-called subsidy, when the fields were re-defined caused confusion with the pipeline and OPA. Took our Company three months to get the matter straightened out. Since the subsidies are more or less emergencies, we trust the Commission won't re-define these pools receiving

subsidies, might affect the balance either way.

MR. SPURRIER: Any further questions or comments?

(No further questions)

MR. SPURRIER: If not, the Commission will take the case under advisement.

C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on December 8, 1945;

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO NOMENCLATURE COMMITTEE FOR AN ORDER REVISING ORDER 588 DEFINING FIELDS IN THESE RESPECTS: TO DESIGNATE ALL SO-CALLED "FIELDS" DEFINED IN SAID ORDER AND IN ALL SUPPLEMENTS ISSUED THEREUNDER AS "POOLS". DELETE FROM DEFINITION OF GRAYBURG-JACKSON POOL ALL SECS. 13, 24 and 25, T. 17S., R. 31E., and ADD TO DEFINITION OF MALJAMAR POOL THE S $\frac{1}{2}$ Sec. 13, ALL OF SECS. 24 and 25, T. 17S., R. 31E. DELETE FROM EMPIRE POOL THE SE $\frac{1}{4}$ SEC. 19., T. 17S., R. 28E., AND ADD TO RED LAKE POOL THE SE $\frac{1}{4}$ SEC. 19, AND NE $\frac{1}{4}$ SEC. 30, T. 17S., R. 28E. DELETE FROM DEFINITION OF SKAGGS POOL ALL OF SEC. 23, T. 20S., R. 37E., TO BE KNOWN AS THE PENOCO POOL, TO INCLUDE OIL AND GAS PRODUCTION FROM THE PENNSYLVANIAN FORMATION FOUND IN THE SKAGGS B-23 WELL NO. 2. SW $\frac{1}{4}$ NW $\frac{1}{4}$ SEC. 23 AT DEPTHS OF 7700 TO 7725 FEET THROUGH CASING PERFORATIONS. DELETE THE WORD "YESO" FROM THE NAME DRINKARD-YESO POOL. DELETE THE WORD "ELLENBURGER" FROM THE NAME DUBLIN-ELLENBURGER POOL. APPROPRIATE PROVISION AND PROCEDURE WHEREIN THE OIL CONSERVATION COMMISSION MAY IN ITS DISCRETION ADOPT IN EXECUTIVE SESSION CHANGES OF POOL BOUNDARIES AND DESIGNATION OF NEW POOLS UPON THE RECOMMENDATION OF THE NEW MEXICO NOMENCLATURE COMMITTEE.

Case No. 70, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission.

Vastie Fowler

Vastie Fowler, Reporter