

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

Transcript of Hearing in
Case No.s 637, 645 and 650
Continued.

February 17, 1954

Regular Hearing.

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
at
Santa Fe, New Mexico
February 17, 1954
Afternoon Session

In the Matter of:

Case 637, involving Skelly's request for approval of 40-acre unorthodox gas proration unit (SW/4 SW/4 25-19S-36E) was combined upon request of both operators with Amerada's Case 645 requesting approval of a 160-acre unorthodox gas proration unit composed of E/2 W/2 25-19S-36E. Both involve Eumont Gas Pool units, and were originally set for hearing January 20, 1954.

Amerada's application for approval of Eumont Gas Pool 160-acre unorthodox unit composed of S/2 N/2 30-20S-37E.

Case No.s
637
645
&
650

Continued.

(Notice of Publication read).

MR. SPURRIER: The next case on the docket is Consolidated Case 637 and 645.

MR. WOODWARD: Mr. John A. Woodward, representing Amerada. If the Commission pleases, we would like to ask that cases 637, 645 and 650 be consolidated and heard together and that case 649, which is a similar application, be heard as a separate case thereafter.

MR. SPURRIER: Without objections, you may proceed, Mr. Woodward.

W. G. ABBOTT

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. WOODWARD:

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Q State your name, please. A W. G. Abbott.

Q Where do you live?

A I am located at Monument, New Mexico.

Q By whom are you employed; in what capacity?

A District Engineer for Amerada Petroleum Corporation.

Q Mr. Abbott, have you previously testified before this Commission as an expert witness, or in your capacity as engineer?

A Yes, sir.

MR. WOODWARD: Does the Commission accept Mr. Abbott's qualifications?

MR. SPURRIER: It does.

Q Applicant's first cases 634, 645 and 650 as consolidated. Mr. Abbott, I will hand you what is marked as Exhibit A. Will you tell what it is?

A This is a plat showing our proposed unorthodox unit for our State "T" lease in the Eumont Gas Pool.

Q I hand you what has been marked Exhibit B, will you tell what it is?

A This is application for the unorthodox gas proration unit for the Amerada, State "T" lease, Eumont Gas Pool, Lea County, New Mexico.

Q Mr. Abbott, I hand you what has been marked Exhibit A, will you tell what it is?

A This is a plat showing our proposed gas proration unit for our Weir B lease, Eumont Gas Pool.

Q That is Exhibit A in case 650? A Yes, sir.

Q I hand you what has been marked Exhibit B in case 650, tell what it is.

A This is the application for the unorthodox gas proration unit for Amerada Weir B lease, Eumont Gas Pool, Lea County, New Mexico.

Q Mr. Abbott, I hand you what has been marked as Exhibit C. Will you tell what it is, please?

A Exhibit C shows the two sections that are involved in these two applications showing our proposed gas proration units, and also other proration units that can be formed out of this two-section area.

Q Exhibit A and B in cases 645 and 650, and Exhibit C in cases 637, 645 and 650 are offered in evidence.

MR. SPURRIER: Without objection they will be admitted.

Q Mr. Abbott, will you identify on Exhibit C the unit well on each of these proposed proration units? You can point them out up there.

A On our State "T" lease, this is our State "T" - 3 well here. This is our proposed unit outlined in red. This other unit is our Weir-B lease, outlined in red here with the proposed dual completion number one well.

Q Will you locate the well in 6K37?

A It is this Skelly well.

Q Yes.

A Skelly Christmas number one with a proposed unit there.

Q In what common source, or sources, are these wells completed, or authorized for completion?

A That would be the Eumont Gas Pool.

Q When were these wells completed, or authorized for completion?

A They were authorized prior to the -- what case number?

Q Prior to the issuance of any proration order for the Eumont field?

A Yes, sir.

Q In your opinion, is it practical to communitize portions of acreage covered by these applications with other lands to form orthodox proration units?

A No, sir, it is not practical.

Q Does the factor of retroactively adjusting wells cost have anything to do with the practicality of communitising portions of these tracts with other lands?

A Yes, sir.

Q In your opinion, will granting these applications permit the Commission to establish other proration units in these two sections which will satisfactorily account for all acreage?

A Yes, sir.

Q In the area shown there? A Yes.

Q Will granting these applications affect the formation of proration units outside of these two sections in any manner whatever?

A No, it will not affect any proration units outside these two sections.

Q It will not start a chain reaction of applications for other unorthodox units outside of those two sections?

A No, sir.

Q How many partnership units would be necessary if orthodox proration units are continued for these two sections? Well, is there any quarter-section that wouldn't be a partnership unit?

A No, sir.

Q That would make eight?

A Eight quarter-sections.

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Q What are the maximum number of partnership units necessary under the disposition of acreage in these two units that are shown on Exhibit C?

A I believe it would be two.

Q That is the southeast quarter which is an orthodox unit as it stands, and the west half of the southwest quarter?

A Yes, sir.

Q How about the east half of the east half of section 25?

A Yes, sir, it would necessitate formation unit.

Q That would be the Maxwell? A Yes.

Q Considering the practicality of creating partnership units as to acreage, on which producing gas wells are located, will the disposition of the acreage shown on Exhibit C which is possible under the units proposed by Amerada, will such disposition of acreage tend to decrease the drilling of additional wells, in your opinion?

A In my opinion it will.

Q Will granting these units result in waste or prejudice correlative rights in any way?

A No, sir.

MR. WOODWARD: That is all we have in the way of direct examination. We do have a statement of our position when the cross examination of the witness is completed.

MR. SPURRIER: Any questions of the witness?

MR. SELINGER: May I ask a question, please?

By MR. SELINGER:

Q With respect to both sections 25 and 26 under your proposed plan indicated by Exhibit C, all of the units will be 160 acres except two units, each of which will be 80 acres, is that correct?

A Yes, sir.

MR. SELINGER: If the Commission please, our application which

ADA DEARNLEY & ASSOCIATES

COURT REPORTERS

ROOM 105-106, EL CORTEZ BLDG.

PHONES 7-9645 AND 5-9546

ALBUQUERQUE, NEW MEXICO

has been consolidated on file for some time, consolidated with cases 645 and 650, indicates an approval of a 40-acre unit described as the southwest, southwest section 25, 19S 36E. We wish to amend our application at this time to request the assignment of an allowable for approval of an 80-acre unorthodox gas proration unit to be defined as the east half of the southwest quarter of section 25, township 19S, Range 36E which is in accordance with the Exhibit C as filed in this combined case.

MR. MACEY: You mean the west half of the southwest quarter?

MR. SELINGER: Yes, I mean the west half of the southwest quarter which is indicated on Exhibit C in the combined cases filed here. We wish the assignment of the 80-acres upon the consumation of deals now pending between Amerada and Skelly in that particular 80-acre tract. We desire the assignment of such acreage on the 80-acre basis on the consumation of such deal.

MR. SPURRIER: Anyone else?

MR. WHITE: If the Commission please, Charles White of Santa Fe, representing the Texas Company. We have no protest to the granting of the three applications. However, we would like to point out to the Commission that the Texas Company is the owner of the east half of the northeast and the west half of the northwest in 25, and 26, and if these unorthodox units are approved on the west and on the east, it will necessarily block the Texas Company in the position where they will by necessity have to appear before this Commission for an unorthodox unit which transgresses a sectional line.

MR. WOODWARD: If the Commission --

MR. MALONE: (Interrupting) May the Commission please, Ross

Malone representing Gulf Oil Corporation. Gulf is the owner of the leases embracing the west half of the east half and the east half of the southeast quarter of section 25 which offsets the proposed Amerada unit on the east. In view of the ownership that exists in the two sections which have been referred to, it is the opinion of Gulf that difficulty will be considerably minimized if the application is granted. In the event it is granted, Gulf, of course, will request a similar non-standard unit to the east. But we have no objection to the granting of the application as stated.

MR. EVERETT: W. H. Everett representing Ohio Oil Company. We own the east half of the southwest quarter of section 26, and under the proposal as now made, it leaves that 80 acres without any acreage to be combined with. We have no objection and do support the application upon the assumption that if, as and when we wish to make application for an 80-acre unit, that these other companies will go along with that.

MR. WOODWARD: If the Commission please, I would like, if there is no further cross examination of the witness, make Amerada's position clear in this matter and why we have requested consideration of these two sections together.

MR. SPURRIER: Is there any further question of the witness? If not the witness may be excused.

(Witness excused.)

MR. WOODWARD: It is the applicant's position that the acreage in these two sections may be affected by these applications, therefore such acreage should be considered together within the outline shown on Exhibit C. However, applicant contends that affect of it's application is entirely confined to the acreage within the outline

and will have no chain reaction affect on any other acreage outside of the two sections. Each of the operators in the two sections have been notified of the two applications. It is our understanding that they have no objection to the formation of these two units. It is applicant's further understanding that Continental, owning the west half of the west half of section 26, desires to create in the future, or make application for a hundred and sixty acre unorthodox proration unit for gas, and that Ohio Company has no objection, as I understand their statement, to operating the east half of the southwest quarter of section 26 as a fractional proration unit. That Gulf is agreeable to the operation of the southeast quarter of section 26 as an orthodox proration unit, or it's acreage in the southwest quarter operated as a fractional unit depending on what arrangement they make with other operators in that orthodox unit. And that Skelly is agreeable to the operation of the west half of the southwest quarter of section 25 as a fractional proration unit. Furthermore, applicant supports any future applications for the establishment of these units or other units as may be agreed upon by these operators which will satisfactorily account for all the acreage in these two sections. We do not believe that the granting of these applications will result in waste or prejudice correlative rights in any way, and that they will adequately develop the area covered. We are, therefore, not only requesting these applications, but presenting this as a possibility of what may be done in satisfactorily disposing of all the acreage in the two sections.

MR. SPURRIER: Anyone else?

MR. KELLAHIN: Mr. Kellahin representing Continental Oil

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106, EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Company. If these proposed units are approved, it will leave Continental Oil Company with the west half of the west half of section 26, and we join with Ohio Oil Company in expressing the hope that area, the west half of the west half of 26, would be approved as an unorthodox unit, and with that in mind we have no objection to the approval of these units.

MR. SPURRIER: Anyone else? If there is nothing further in these cases we will move on to case 649 and take these cases under advisement.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing on Case numbers 637, 645 and 650 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 17, 1954, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 20th day of February, 1954.


COURT REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 105-106 EL CORTEZ BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO