

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

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TRANSCRIPT OF PROCEEDINGS

CASE NO. 727

Regular Hearing

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 16, 1954

IN THE MATTER OF:

Application of the Oil Conservation Commission,
upon its own motion to consider an order amend-
ing, revising, or abrogating existing rules and
regulations of the Oil Conservation Commission,
and/or promulgating additional rules and regula-
tions relating to gas pool delineation, gas
proration, and other related matters affecting
or concerning the Blinebry Gas Pool, Lea County,
New Mexico.

} Case No.
727

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. SPURRIER: The next case on the docket is Case 727.
I would like for a moment to consider Case 727 and 728 and 729. I
think Mr. Macey of the staff has some comments and recommendations
in these three cases.

MR. MACEY: Mr. Spurrier, with particular reference to 727
and 728, I would like to move that the cases be continued to the
July hearing in order that the rules which we are now working on
to present to the Commission in Case 673 will be available for
presentation in possibly a modified form in these cases in July.

Another point is that in Case 727 we neglected to include the
Terry-Blinebry Oil Pool in the advertisement. There is no question

but what the Terry-Blinebry Oil Pool is effected just as much as the Blinebry Oil Pool. Therefore, I would like to move for a continuance of 727, 728 until the regular hearing in July.

MR. SPURRIER: Is there any one who would like to present testimony in either Case 727 or 728 at this time, particularly 727 at this moment? Is there objection to Mr. Macey's motion to continue until July? If not we will recommend to the Commission that the case be continued to the regular hearing, July 15th.

C E R T I F I C A T E

I, ADA DEARNLEY, do hereby certify that the above and foregoing transcript of proceedings before the New Mexico Oil Conservation Commission, in Mabry Hall, Santa Fe, New Mexico on June 16, 1954, is a true and correct record to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 19th day of June, 1954.


Notary Public

My Commission Expires:
June 19, 1955

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 727 Regular Hearing

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
Santa Fe, New Mexico
July 15, 1954

IN THE MATTER OF:

Case No.

Application of the Commission, upon its own motion, to consider an order amending, revising, or abrogating existing rules and regulations of the Oil Conservation Commission, and/or promulgating additional rules and regulations relating to gas pool delineation, gas proration, and other related matters affecting or concerning the Blinebry Gas Pool, Lea County, New Mexico.

727

The order contemplated will pertain to gas pool delineation, gas proration, gas well spacing, gas well allowable, gas proration units and related matters affecting the Blinebry Gas Pool.

Notice is further given that the contemplated order may affect the Terry-Blinebry and Blinebry Oil Pools situated in Lea County.

BEFORE:

Mr. E. S. (Johnny) Walker
Mr. R. R. Spurrier

TRANSCRIPT OF HEARING

MR. SPURRIER: The next case on the docket is Case 727.

MR. MACEY: In connection with Case 727 we would like to move that the case be continued until August 18th, the regular August hearing, pending further study by both the industry and the Commission personnel. The preliminary investigation has revealed that the Blinebry Gas Pool is a little bit more complex than what it was generally thought to be. It also would be advisable to have available the new rules in the three gas pools which were heard in

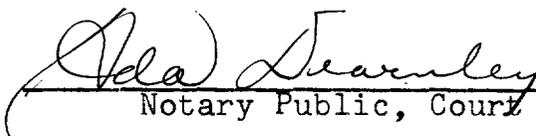
Case 673, more or less as a guide, before this case is heard. Therefore, I would like to move for a continuation.

MR. SPURRIER: Is there objection? Counsel suggests that someone may be ready to testify. If so we certainly agree to do so. If no testimony is to be presented we will continue the case to August 18th.

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 17th day of July, 1954.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 727

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
Santa Fe, New Mexico
August 18, 1954

IN THE MATTER OF:

Application of the Commission, upon its own
motion, to consider an order amending, re-
vising, or abrogating existing rules and
regulations of the Oil Conservation Commis-
sion, and/or promulgating additional rules
and regulations relating to gas pool delinea-
tion, gas proration, and other related
matters affecting or concerning the Blinebry
Gas Pool, Lea County, New Mexico.

Case No. 727

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 727.

Does anyone have any evidence to present in Case 727? Mr. Walker?

MR. WALKER: Don Walker with Gulf. Unless someone has some
evidence to present, Gulf is probably one of the biggest holders of
gas reserved in the Blinebry. We would like to study the new order
and ask for a continuance for next month.

MR. MACEY: Do I interpret that to mean that you will put
on some evidence in September?

MR. WALKER: No, sir.

MR. MACEY: Does that mean no?

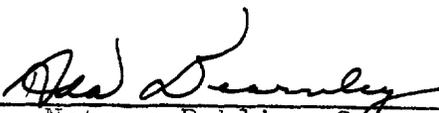
MR. WALKER: I don't know for sure.

MR. MACEY: Does anyone have anything further? Does anyone have an objection to the motion for continuance? If not the case will be continued to the regular September hearing.

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 20th day of August, 1954.



Notary Public, Court Reporter

My Commission Expires:

June 19, 1955

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 16, 1954

IN THE MATTER OF:

Regular Hearing
CASE NO. 727 & 728 Consolidated

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
Santa Fe, New Mexico
September 16, 1954

IN THE MATTER OF:

Application of the Commission, upon its own motion, to consider an order amending, revising or abrogating existing rules and regulations of the Oil Conservation Commission, and/or promulgating additional rules and regulations relating to gas pool delineation, gas proration, and other related matters affectinf or concerning the Blinebry Gas Pool, Lea County, New Mexico.

The order contemplated will pertain to gas pool delineation, gas proration, gas well spacing, gas well allowable, gas proration units and related matters affecting the Blinebry Gas Pool.

Notice is further given that the contemplated order may affect the Terry-Blinebry and Blinebry Oil Pools situated in Lea County.

Application of the Commission, upon its motion, for an order amending, revising, or abrogating existing rules and regulations of the Oil Conservation Commission and promulgating additional rules and regulations relating to gas pool delineation, gas proration and other related matters affecting or concerning the Tubb, Byers-Queen and Justis Gas Pools, Lea County, New Mexico.

The order contemplated will pertain to gas pool delineation, gas proration, gas well spacing, gas well allowable, gas proration units and related matters affecting the following designated gas pools situated in Lea County: Byers-Queen Gas Pool, Justis Gas Pool, Tubb Gas Pool.

Cases No.

727 & 728

Consolidated.

BEFORE:

Honorable Edwin L. Mechem
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: Next case on the docket is Case 727. Does anyone have any statements they would like to read into the record in regard to Case 727? Mr. Walker?

MR. WALKER: Mr. Chairman -- or Mr. Ainsworth, go ahead.

MR. AINSWORTH: Earl Ainsworth, Permian Basin Pipeline. We feel you have adopted some very good rules in the Jalmat Order in Case 673, Order No. 520, and we suggest the adoption of similar rules for the Blinebry-Tubb.

MR. MACEY: Mr. Ainsworth, I take it that your comments refer to both Cases 727 and 728, am I correct?

MR. AINSWORTH: That is right.

MR. MACEY: Anyone have a statement? Mr. Walker?

MR. WALKER: Don Walker with Gulf. Case 673, Gulf recommended a basis of 160-acre gas proration unit with the privilege of containing multiple units up to 640 acres. Cases 727, 728 we approve in principal of the rules set forth in Order 520, which, of course, concerns Case 673 and with the exception of the size of the basic unit we would recommend the adoption of the Blinebry, Byers-Queen and Justis. We would like to make one suggestion of the change concerning the flare order. We feel that new wells should have an automatic exception for a certain stipulated length of time, to enable contracts to be drawn up for the next hearing

calling for exception.

MR. MACEY: Do you have any suggestion as to time?

MR. WILSON: I would say probably 60 days.

MR. MACEY: In view of the fact your exceptions are concerning Cases 727 and 728, I think the cases should be consolidated. Is there objection to the consolidation of the two cases for the purpose of taking the record. Any further comments in the consolidation of 727 and 728.

MR. CHRISTIE: R. S. Christie. We concur in Gulf Corporation's recommendation.

MR. MACEY: Anything else? Anyone else?

MR. HOLLOWAY: I have a statement to make regarding the Justis Field.

MR. MACEY: It will be in order for you to come forward. Are you going to put some testimony in?

MR. HOLLOWAY: I am going to make a statement. It can be considered in the form of testimony, probably it should be.

MR. MACEY: I think we ought to swear you in, in view of that.

(Witness sworn.)

J. B. HOLLOWAY,
having been first duly sworn, testified as follows:

MR. HOLLOWAY: Tidewater Associated Oil Company's interest in this case deals primarily with the gas pool delineation of the Justis Gas Pool. Several years ago the Continental Oil Company, with the aid of other New Mexico, Federal unit members companies made a study of the shallow formation of southeastern Lea County,

including the Justis Gas Pool, the horizontal limits of which had been previously defined. At that time there were only four producing wells and on the basis of the data then available, this group recommended that the field limits be defined as comprising the southwest quarter of Section 1, the southwest quarter of Section 2, the east half of Section 11, the west half of Section 12, the west half of Section 13, the east half of Section 14 and the east half of Section 23, and the west half of Section 24, all being located in Township 25 South, Range 37 East.

It was further stated in this report that the productive section appeared to be confined to the interval from a minimum of seven feet, to a maximum of 160 feet below the Glorietta Horizon, and it was recommended that a more or less arbitrary figure of 200 feet below the Glorietta datum as being the reasonable vertical limit for the Justis Gas Zone. Long after that record was made, and the limit of the field was defined by the Oil Conservation Commission, or to be exact, on August 26, 1953, Tidewater Associated Oil Company completed deepening its Cote C Number 1 Well to the Glorietta formation. The Glorietta was encountered at 1515 feet subsea, which was the highest on structure of any well in the field. The Oil Conservation Commission on October 21, 1953, by its Order No. R-178 approved the dual completion of this well to produce gas from both the Queen Section at 2980, 3150 and from the Glorietta 4675 to 4715. Upon completion of Glorietta section producing through tubing, produced 5,250 MCF of gas in 24 hours and had a shut-in tubing pressure of 1,725 pounds.

Under the existing circumstances, and until the limits of this field are extended further east, only 40 acres can be allocated to

the well, although 400 acres, all of which appears now to be reasonably considered productive are in this lease. We would like to request that in consideration of the additional data made available through the drilling of Tidewater's Cote C No. 1 Well, and in keeping with the recommendations previously made with respect to the vertical limits of the pool, that the horizontal be extended east to the minus 1,650 contour, as shown on Tidewater's structural map here which we will present as an exhibit. So as to include the east half of Section 24, no further extensions appear to be necessary pending further development. That is all I have, Mr. Macey.

MR. MACEY: Any questions of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: You wish to offer that exhibit in evidence?

MR. HOLLOWAY: I do.

MR. MACEY: Is there objection to the introduction of this exhibit which we will mark, Tidewater, Exhibit No. 1?

(Marked Tidewater's Exhibit No. 1, for identification.)

MR. MACEY: If not the exhibit will be received. Any further statement or comment in consolidated Cases 727 and 728?

MR. KELLAHIN: Jason Kellahin, Continental Oil Company. I would like to say to start with that our remarks are confined to the Blinbry and the Tubb Gas Pool. Continental Oil Company agrees basically with the Gulf Oil Corporation with the following exceptions. We feel at the present time that there is a lack of sufficient information on these two pools and that any rules promulgated at this time should be temporary in nature with the permanent rules to

be decided after an industrywide study of the pools. By temporary -- we don't feel the information will be available at that time. I believe it was brought out the Blinebry is surrounded by an oil rim and recent information would seem to indicate that that rim goes completely around the pool. We feel the same situation possibly exists in the Tubb Pool and the situation merits study, so we would like to see the order be made temporary in nature, with a hearing to be set at a later date, and Continental would cooperate fully in a study to be made in the two pools.

We also agree with the recommendations of Gulf for a 160-acre basic unit, but do not feel that a tolerance of more than 320 acres should be allowed. No more than 320 acres be attributed to one well, and that only after notice and hearing. As a matter of fact I do not feel the Commission could grant exception if you have a basic unit of 160 acres, except after notice and hearing.

We are also strongly in favor of the 100 percent acreage factor which has been included in the other rules and would like to see that apply to these pools as well.

MR. NACEY: Mr. Stanley?

MR. STANLEY: I would like to call the Commission's attention that certain oil pools produced from the identical vertical limits of the Blinebry Gas Pool. They are, namely, the Terry-Blinebry Oil Pool and the Blinebry Oil Pool and subsequent completions, and very recently have indicated that we may have the same situation in the Tubb Gas Pool. In Order 520 the Commission has classified oil wells producing from the vertical limits of gas pools as oil wells in the gas pool. However, in the case of the Blinebry Gas Pool the

Commission has granted dual completion orders which would enable the operator to produce Blinebry oil and Blinebry gas. I mention this in order that the Commission carefully consider this problem in writing an order.

MR. MACEY: Mr. Stanley, you said that the Commission had approved dual completions. You mean to tell me we approved the completions where it was producing the Blinebry oil, say, through the tubing and Blinebry gas through the casing?

MR. STANLEY: Yes, sir.

Q Which well?

MR. STANLEY: I don't remember the well, but I think last week in the Hobbs Office we caught that fact. Maybe Mr. Porter might recall that.

MR. PORTER: No, I don't recall. Well, I remember some discussion, but I don't remember the particular well.

MR. MACEY: I would sure like to know, because I don't think we have.

MR. STANLEY: Well, I may be wrong, but I think that I could go back into the office and pick up the file and call Hobbs and take it up. I mentioned that fact to make a further investigation and operators are waiting to see what the Commission's policy will be in affecting dual completions in these pools, especially the Terry-Blinebry Pool.

MR. MACEY: In view of the fact that we have not had any testimony in the Blinebry or the Tubb or the Byers-Queen Pool concerning the revising the rules, and in view of the fact that it is, the cases were brought up on the Commission's motion, because

we recognized the fact that possibly some of the existing rules should be changed, my feeling is that we should continue the case until next month with the idea in mind of putting on further testimony to substantiate the change in rules.

The introduction of statements are fine, we welcome the introduction of statements, but you can't back up an order in the Court House with statements. The Commission 's staff has done quite a bit of work on the field, particularly on the Blinebry because we think that that is probably the most serious case. And, we will attempt to put on some testimony next month in connection with the cases, and, of course, if anyone else wants to put on any evidence that will be welcomed also.

Is there any further statements or comments in the case? If not the Cases 727 and 728 will be continued to October 20th.

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

I, MARIANNA MEIER, 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 September, 1954.

Marianna Meier
Notary Public and Court Reporter

My Commission Expired:
April 8, 1956