

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 798

TRANSCRIPT OF PROCEEDINGS

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

Q Mr. Christie, is it possible to form 40 acre proration units in this quarter section?

A No, it is not, the east line of said southeast quarter section coincides with the boundary line between New Mexico and Texas because of the adjustment of the survey on the east line this quarter section contains only 131.07 acres.

Q Will the 43.69 acre units proposed dispose of all the acreage in that quarter section?

A Yes, it will.

Q Is all the acreage in this quarter section under the same leasehold?

A Yes, it is.

Q What development of the Wolfcamp formation in this quarter section has occurred?

A We have just completed our Ward No. 4 on the -- in the eastern unit, located at this position. I might point out also that there are two other Wolfcamp wells in the Bronco-Wolfcamp Field, both of which are over on the Texas side.

Q From field studies of the Wolfcamp formation in this area, what is the structure of the formation, its permeability and porosity?

A The structure appears at the present time to be somewhat less in areal extent to the Bronco-Siluro-Devonian formation. We have tested the Wolfcamp formation and find that it is productive on all wells that are drilled to the Devonian on the Ward lease. The average porosity is approximately 13 per cent and the permeability is about 45 millidarcies.

Q On the basis of your information what area would be sufficiently drained in the Wolfcamp formation by these three proposed units?

A Based on our production and the porosity and permeability, one well will certainly drain, certainly more than 43.69 acres.

Q What allowable should be ascribed to these wells on these non-standard units?

A The allowable should be set by the applicable rules of the New Mexico Oil Conservation Commission taking into account the excess acreage contributed to these units.

Q That is the difference between 43.69 acres and 40 acres?

A I might point out that the Ward No. 4 is located on a lot of 25.18 acres and is now assigned allowable based on that acreage of 95 barrels. Under the applicable rules of the Commission if they approve this application the allowable then would increase from 95 to approximately 165 barrels for the 43.69 acres.

Q In your opinion, will the establishment of these three units protect correlative rights and prevent waste through avoiding the drilling of unnecessary wells in this area?

A Yes.

MR. WOODWARD: Applicant asks that its Exhibit A be accepted in evidence.

MR. MACEY: Is there objection to the introduction of Exhibit A in this case? If not, it will be received in evidence. Is that all?

MR. WOODWARD: That concludes our case.

MR. WARREN MANKIN: (Texas Company) As an offset operator

Q Do you feel that there is any danger of possible draining across that state line?

A Yes, if the allowables are not based on the same factors why there could very well be drainage. As a matter of fact, our Weems No. 7, which is on the Texas side has a discovery allowable of 200 barrels per day and so that you will have that difference between 165 and 200 currently, why then eventually discovery allowable in the number of -- lost in the number of production days will be quite a bit less and the Texas will be less than the New Mexico side, so you will have a drainage the other way. So it appears that we should have some rules which would apply to both sides of the line there.

Q Do you feel that a new set of pool rules would be necessary to cover the Wolfcamp?

A Yes, I believe so.

Q The land on the New Mexico side, is that fee land?

A It is either fee or federal land.

Q Either fee or federal?

A Yes.

Q There is no state land in that Malco Drilling unit?

A No, there is not.

Q There is also no Devonian well directly offsetting your Ward No. --no Wolfcamp Ward offsetting your Ward No. 4?

A No, there is no offset to it, except the diagonal.

Q The diagonal on it?

A Yes.

MR. RHODES: That is all.

MR. MACEY: Anyone else?

MR. MANKIN: I believe there is presently two wells completed in the Bronco-Wolfcamp on the Texas side?

A Yes, sir.

Q And they are on discovery and the Texas Company has one and you with the Texas Company has the second well and then discovery will be off possibly within less than a year?

A Yes, sir.

MR. MANKIN: There might be something done to equalize between the two pools?

A Yes, sir.

MR. MACEY: You think there is any danger of the Texas oil being drained in this particular well? You don't have to answer that.

A Well, I'd just as soon answer it. You mean you think we are going to take any of Texas's oil by this one well?

MR. MACEY: Well, we strictly don't want Texas to have their oil drained on the part of the efforts of New Mexico.

A Well, based on Commission's approval of this application the allowable should be about a 165 barrels which is less than an allowable over in Texas. So, if anything, Texas will be getting some of New Mexico's oil.

MR. MACEY: Does anyone else have any questions of the witness? If not, the witness may be excused. Anyone have a statement to make in the case? If not, we will take the case under advisement.

(Witness excused.)

MR. MACEY: Take a short recess before we have the next case.

