

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 838

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  
February 17, 1955

-----  
IN THE MATTER OF:

The application of the Oil Conservation Commission for revision of an administrative order in creation of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an order amending Administrative Order NSP-60 and directing Western Natural Gas Company to reduce the size of the non-standard gas proration unit permitted therein to conform to provisions of Paragraph (3) of Rule 5(a) of the Special Rules and Regulations for the Jalmat Gas Pool, as set forth in Order R-520; the resulting proration unit to consist of SE/4 of Section 10, Township 22 South, Range 36 East, Lea County, New Mexico.

Case No.  
838

-----  
BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 838.

(Statement of Policy on the Formation of Non-Standard Gas Proration Units (Presented at February 16 Hearing by W. F. Kitts, Attorney.)

Considerable confusion has developed in recent weeks regarding the formation of non-standard gas proration units in Lea County gas pools, and the following statement is presented in an effort to eliminate this confusion and to clarify the requirements in filing applications for approval of non-standard gas proration units in the Southeast gas pools.

The basic considerations for approval of all applications will be that the formation of such unit will:

- 1. Prevent Waste
- 2. Protect Correlative Rights
- 3. Serve the Best Interests of Conservation

For an application to receive consideration for administrative approval, the unit for which the exception is requested must in all respects meet the requirements of Rule 5(a) paragraph 3 and Rule 5(b) of the various pool rules contained in Order R-520. Any application which does not meet these requirements for administrative approval must be heard after notice at a hearing of the Commission at which time the merits of the application can be considered.

Further, the Commission Staff feels that Order R-520 clearly implies the radius of influence for one well in the various Southeast gas pools, covered by Order R-520, to be 3,735' -- that is, the radius of a circle which will totally enclose a 640-acre section. And that such radius should be applied to all applications for exception to the provisions of Order R-520. Quite naturally, this radius of influence cannot be the only consideration and factors of economics, offset counter-drainage, and good operating practice must be considered. The Commission Staff is aware that each request for approval of a non-standard gas proration unit must stand on its own merits, and be treated individually - and we take note of this fact.

We have briefly outlined our position in an effort to assist the operators in making application for and securing non-standard proration units, and with the hope that the operators can assist the Commission Staff by keeping their units within the limits as

set out in this statement, in so far as economics and good operating practice will permit.

We are certain that we can count on the full support of all of the operators.)

PAUL C. WRIGHT,

called as a witness, having been previously sworn, testified as follows:

DIRECT EXAMINATION

By MR. VICARY:

Q Mr. Wright, do your records show when Western Natural Gas Company's Record No. 1 Well was completed?

A It was completed July 27, 1947.

Q Was it drilled within the then existing regulations of the Commission?

A Yes.

Q Is Western Natural Gas Company the operator in this area?

A Yes.

Q Are they the operators of the unit we proposed?

A Yes, sir.

Q Is it held under one lease?

A Yes.

Q And has a common interest of royalty and working interest?

A Yes.

(Marked Western Natural Gas Company's Exhibit No. 1 for identification.)

Q Do you have Exhibit 1 here showing the unit proposed?

A Yes.

Q Mr. Wright, does the area that you have colored in yellow represent the non-standard proration unit requested by Western?

A Yes, sir.

Q Where is it located?

A The unit is located in the south half of Section 10, Township 22 South, Range 36 East, Lea County, New Mexico.

Q Is it located within the geographical limits of the Jalmat Gas Pool?

A Yes.

Q As defined by the Commission. Is it producing within the vertical limits of the Jalmat Pool?

A Yes.

Q Has this Record No. 1 ever produced any oil?

A None to my knowledge.

Q Is there a separator set there?

A No, sir.

Q Does the proposed unit consist of contiguous quarter quarter sections?

A Yes.

Q Where is the well located with reference to the proposed unit?

A It is located 990 feet from the south and east lines of Section 10.

Q Does the proposed unit lie wholly within a single governmental section?

A Yes, sir.

Q What is the length of the proposed unit?

A 5,280 feet.

Q What is the width of the proposed unit?

A 2,640 feet.

Q Have you obtained the consent of, or waivers from the offset

owners?

A Yes, sir.

MR. VICARY: Again we would like to make the NSP record, incorporate it in this record.

A We have three confirmations from R. Olsen, Ohio and Sinclair Oil and Gas.

(Marked Western Natural Gas Company's Exhibits 3-A, 3-B and 3-C for identification.)

Q These you have marked Exhibits 3-A, 3-B and 3-C?

A Yes, sir.

Q These waivers include all of the offset owners, other than Texas Pacific Coal and Oil?

A Yes.

Q I believe Texas Pacific Coal and Oil is here.

MR. RUSSELL: Jack Russell, I would like to state in behalf of Texas Pacific Coal and Oil Company, we have no objection to the application, and recommend the approval of the unit as requested.

MR. VICARY: We would like to have the exhibits offered.

MR. MACEY: Any objection to the introduction of the exhibits in evidence? If not, they will be received.

Q Have there been any dry holes drilled within the proposed unit, Mr. Wright?

A No, sir.

Q Have there been any dry holes in the immediate vicinity of this unit?

A None that I know of.

Q Is it also producing from the Yates formation?

A Yes.

Q I believe you already testified that it is generally productive of gas?

A Yes, sir.

Q Are there any offset wells to the Record No. 1?

A Yes, sir, offset north, south, and east by direct offset gas wells in the Yates, and offset on the northwest.

Q From your experience, are you of the opinion that this entire unit of 320 acres is reasonably productive of gas?

A Yes, sir.

Q Will the Record No. 1 effectively drain the proposed unit?

A Yes, sir.

Q Would the granting of the proposed non-standard proration unit result in any waste?

A No, sir.

Q Would the granting of this unit protect correlative rights?

A Yes.

Q Have you calculated the deliverability potential into El Paso's line of this Record No. 1?

A Yes, sir, I have. I have the Jones and the Record switched.

MR. VICARY: Mr. Secretary, could we correct the record on the Jones Well? He testified the delivery of 10,000,000, whereas, the 10,000,000 is the Record, and the Jones should be another figure.

MR. MACEY: You are referring to your application in Case 837, I believe?

MR. VICARY: Yes, sir, that is correct.

A I made a mistake in reading my figures here, I got them transposed. The Jones for the Record. On the Jones the deliver-

ability is 4,100,000 cubic feet per day.

Q This 4,100,000, is it sufficient to meet the allowable proposed for the Jones?

A Yes, sir.

Q What is the deliverability that you have computed for the Record?

A 10,000,000 cubic feet per day against the pipeline pressure.

Q That is El Paso pipeline, to whom you are making actual deliverability?

A Yes, sir.

Q You are of the opinion that on both the Jones and Record Wells, that the wells are capable of meeting the allowables requested?

A Yes, sir.

Q Has any allowable ever been cancelled on the Record?

A No, sir.

MR. VICARY: No further questions.

MR. MACEY: Any questions of the witness? Anyone have a statement in this case? If not we will take the case under advisement.

(Witness excused.)

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 27th day of February, 1954.

*Ada Dearnley*  
Notary Public

My Commission Expires:  
June 19, 1955

ADA DEARNLEY & ASSOCIATES  
STENOTYPE REPORTERS  
ALBUQUERQUE, NEW MEXICO  
TELEPHONE 3-6691