

BEFORE THE
Oil Conservation Commission

SANTA FE, NEW MEXICO

June 28, 1955

IN THE MATTER OF:

CASE NO. 921

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1955

IN THE MATTER OF:)
)
)

Application of R. Olsen Oil Company for approval)
of a 320-acre non-standard gas proration unit)
in the Jalmat Gas Pool, Lea County, New Mexico,)
to consist of W/2 of Section 11, Township 24)
South, Range 36 East, to be dedicated to appli-)
cant's Cooper "G" Well No. 1, located 1320 feet)
from the south and west lines of Section 11.)

Case No.921

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 921.

D E W E Y W A T S O N ,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

- Q State your name, please.
A Dewey Watson.
Q By whom are you employed, Mr. Watson?
A R. Olsen Oil Company.
Q Where do you reside?
A Jal, New Mexico.
Q What position do you hold with that company?
A Geological Engineer.

Q Have you previously testified before this Commission as a Geological Engineer?

A Yes, sir.

MR. CAMPBELL: Are the witnesses qualifications acceptable to the Commission?

MR. MACLEY: They are.

Q Are you acquainted with the application of R. Olsen Oil Company in Case No. 921 before this Commission?

A Yes, sir, I am.

Q Will you state to the Commission what that application seeks, briefly?

A It is an application for an approval of a 320-acre non-standard gas unit in the Jalmat Gas Pool. It is located in the west half of Section 11, Township 24 South, Range 36 East.

Q To what well in that half section do you seek to have the 320-acre gas unit allowable allocated?

A It is our Cooper "G" No. 1.

Q Where is that well situated with reference to the unit boundaries?

A It is 1320 feet from the south and west lines of Section 11.

Q Will you first state what other acreage within the proposed unit does R. Olsen own?

A We own the entire southwest quarter which the well is located in, and all but the northwest of the northwest quarter, 40 acres, which is owned by Stanolind.

Q Is the entire northwest quarter of the section covered by Federal leases?

A Yes, sir, it is.

Q Has Stanolind been approached with reference to pooling of their 40-acre tract with the 280 acres of R. Olsen, in the event that this gas proration unit is granted by the Commission?

A Yes, sir, they have.

Q Has Stanolind agreed upon that pooling, in the event the unit is approved?

A Yes, sir.

Q Mr. Watson, if the unit is approved, is it your opinion that the well in the southwest quarter of Section 11 can make the 320-acre gas unit allowable?

A Yes, sir, I believe it can.

MR. CAMPBELL: I believe that is all.

MR. MACKEY: Any questions of the witness? Mr. Mankin?

CROSS EXAMINATION

By MR. MANKIN:

Q In this particular unit, 160 acres is patented land and 160 is Federal land?

A Yes, sir.

Q Has that unit been approved for a 320-acre unit?

A Yes, sir.

MR. CAMPBELL: Go ahead.

A Go ahead.

MR. CAMPBELL: I assume you mean with respect to the Federal acreage?

MR. MANKIN: Yes.

MR. CAMPBELL: Let me state this. That the question has been

raised by Continental, as a royalty owner, in connection with this unit. The problem is constantly present in units where State acreage or Federal acreage is involved, as to which comes first, the chicken or the egg. The Federal government will not approve communitization agreements unless the Commission has indicated that they will grant the allowable in the event it is communitized. The same thing is true with the State.

I have always taken the position it is a lot easier to back out of one of the approved units by the Commission than it is to back out of a pooling agreement, when you come in here, after you have the pooling done and can't get the allowable. I can see in my own mind no reason why, from the State's point of view, why these units when the working interest owners have agreed upon it and all conditions being present to grant the unit, why the Commission should orally insist upon all of the royalty interests being pooled before the allowable is granted, particularly where State and Federal acreage is involved, and you can't get the communitization agreement approved until the the Commission gives its approval as to the unit.

MR. MANKIN: That answers my question.

Q The other question is this. Is this well making oil?

A No, sir.

Q The Commission records seem to reflect it has made some oil.

A I believe if you will check, it might be the Cooper Gulf No. 1, which is located in the southwest of the southwest quarter of Section 11. That well does make a small amount of distillate.

Q That is true, it does, but also the records indicate that this particular well is making oil, too. I wondered if you had any

knowledge of that?

A I don't know what records you have. There is no record that we have that would indicate that it is.

Q The record of the New Mexico Oil and Gas Engineer Report indicated it made oil beginning July, '54.

A I believe there is an error in that particular record, because to my knowledge there has never been any oil produced out of the well. There is no separation equipment there at all on the well.

Q You have no way of recording what it made during the year, 1954?

A Well, I believe that should be allotted to the No. 1 Well, because there never has been a separator put on the well. I am sure of that.

Q What is the deliverability of this well?

A The deliverability is 2,245,000 at 300 pounds, into El Paso's line.

Q When was that taken?

A That was taken May 3, 1955.

Q Then, the record that was submitted in 1954 for about a half million, at about 700 pounds -- Has this well been worked on?

A No, sir, the only change that was made from there is that it was put into the intermediate system of El Paso Natural.

Q It was a test reported of half a million on July 17, 1954 at 707 pounds, but this has since gone into the intermediate system?

A Yes, sir.

Q It now makes 2,000,000?

A 2,245,000. That was an average three day test.

Q You feel that the unit would be capable --

A (Interrupting) It is on the borderline, but I believe over a year's period, or six months period, it certainly would make the allowable. There may be one or two months during the year which it would not. If the unit is granted and it fails to make the allowable, I am sure there will be re-work done on it to bring it back up to where it would make the allowable.

Q Under the present 160-acre allowable it has been under-producing during the last year and a half. In fact, some of the allowable has been cancelled, is that correct?

A To my knowledge that may be true. I checked on the, I have the June proration schedule here, and the May allowable was 29,839, about 29,839 MCF for May and it made 36,271 MCF.

Q What was the production in May?

A Thirty-six thousand two hundred -- Wait a minute. Thirty-six hundred, two hundred seventy-one MCF.

Q You mean 36,271,000 cubic feet?

A Yes, for the month of May.

Q The allowable, you said, for that particular month?

A Counting the underage, carried over, which was 23,100,000, plus the May allowable of 6,739,000, it is now over produced, as of the 1st of June. I don't know --

Q (Interrupting) In other words, the records show it was under-produced until May and at that time it went into the intermediate system and it is now capable of producing 160 or more?

A I don't know the exact date that it was put into the intermediate system.

Q It was underproduced in through April and now is slightly over-produced?

A Yes, sir.

MR. MACEY: Anyone else have a question of the witness? If not the witness may be excused.

(Witness excused.)

MR. MACEY: Do you have anything further?

MR. CAMPBELL: No.

MR. MACEY: Does anyone have anything further in Case 921? If nothing further, we will take the case under advisement.

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 7th day of July, 1955.

Ada Dearnley

Court Reporter, Notary Public

My Commission Expires:

June 19, 1959