

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 15, 1955

IN THE MATTER OF:

CASE NO. ~~950-951~~ Consolidated

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
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605 SIMMS BUILDING
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ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 15, 1955

IN THE MATTER OF:

Application of Western Natural Gas Company
for approval of an exception to Rule 5 (a) of) Case No. 950
the Special Rules and Regulations for the)
Jalmat Gas Pool, to permit the formation of a)
320 acre non-standard gas proration unit con-)
sisting of the NW/4, SW/4 NE/4, E/2 NE/4 and)
NE/4 SE/4 Section 35, Township 23 South,)
Range 36 East, Lea County, New Mexico, to be)
dedicated to applicant's No. 1-X Combest Well)
located 1940 feet from the North line and 660)
feet from the East line of Section 35.)

Application of Western Natural Gas Company)
for approval of an exception to Rule 5 (a) of) Case No. 951
the Commission's Special Rules and Regulations) Consolidated.
for the Jalmat Gas Pool, to permit the forma-)
tion of a 200 acre non-standard gas proration)
unit to consist of the SW/4 NE/4, SE/4 NW/4,)
NE/4 SW/4, NW/4 SE/4 and NW/4 NW/4 Section 6,)
Township 25 South, Range 37 East, Lea County,)
New Mexico, to be dedicated to applicant's)
No. 1 well, located 1980' from the North and)
East lines of Section 6.)

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 950.

MR. SAPP: Charles Sapp, attorney, representing Western Natural Gas Company. May it please the Commission, we ask that Cases 950 and 951 be consolidated. They both relate to applications made by Western Natural Gas Company for approval of non-standard gas proration units in the Jalmat Gas Pool. We think it

would be more expeditious to hear them together than take them up separately.

MR. MACEY: Any objections? If not they will be consolidated for the purpose of the record.

PAUL C. WRIGHT,

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

DIRECT EXAMINATION

By MR. SAPP:

Q State your name, please.

A Paul C. Wright.

Q Where do you reside?

A Houston, Texas.

Q By whom are you employed, and in what capacity?

A Western Natural Gas Company as Chief Engineer.

Q Have you previously qualified as an expert witness and testified before this Commission as such?

A I have.

Q Mr. Wright, I hand you a plat which I wish you would inspect and identify, if you will?

A I recognize this plat.

(Marked Western Natural Gas Company's Exhibit No. 1, Case 950, for identification.)

Q What does it show?

A It shows the non-standard gas proration consisting of 320 acres outlined in red that we would like to have assigned to our Combest Number 1-X Well in the Jalmat Gas Pool, Lea County, New Mexico.

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Q Was the plat prepared under your supervision?

A It was.

MR. SAPP: We ask it be introduced in evidence as Applicant's Exhibit 1 in Case 950.

MR. MACEY: Without objection it will be received.

(Marked Western Natural Gas Company's Exhibit No. 1, Case 951, for identification.)

Q Mr. Wright, I ask that you inspect this plat.

A I recognize this plat.

Q Can you identify it?

A It is a plat showing the non-standard gas proration unit consisting of 200 acres that we would like to have assigned to our Wells No. 1 Well in the Jalmat Gas Pool, Lea County, New Mexico.

Q Was the plat prepared under your supervision?

A It was.

MR. SAPP: We would like to introduce it in evidence as Exhibit 1 in Case 951.

MR. MACEY: Without objection it will be received.

Q Mr. Wright, referring first to the plat relating to the Combest Well, does that plat correctly show the ownership of the leases around the proposed unit and the location of the wells on those leases?

A It does.

Q Will you give the Commission a run-down on the completion history on the Combest Well?

A The Combest No. 1-X was first completed in 1942 as an oil well. In June of 1953 it was worked over and recompleted as a dually completed gas well and oil well; the gas completion being

in the Yates Formation through perforations 2936 to 3432. The oil completion being in the Seven Rivers-Queen, from 3488 to 3576.

Q Is the well presently completed in the Jalmat Gas Pool within the vertical and horizontal limits of that gas pool?

A It is.

Q Referring to the plat showing the Wells Well, will you give the Commission the completion history of that well?

A The Wells No. 1 was originally completed October 19, 1939 as a gas well in the Yates Formation, 2830 to 3150.

Q The well is presently completed within the vertical and horizontal limits of the Jalmat Gas Pool?

A It is.

Q Mr. Wright, referring to the plat showing the Combest Well, will you state whether or not the royalty and lease ownership under the proposed unit are uniform throughout?

A Both the royalty ownership and the leasehold interest are common throughout that acreage.

Q In your opinion, is all of the acreage delineated in red on that plat, productive of gas?

A It is.

Q Do you think that the Combest Well situated on the proposed unit will be capable of producing the allowable which will be allocated to it if this unit were approved?

A I think so.

Q Referring now to the plat showing the Wells Well, is the ownership of the royalty interest throughout the proposed unit uniform?

A The royalty interest?

Q Yes.

A Yes.

Q Will you state the condition with respect to ownership and the lease interest?

A The northwest quarter of the northwest quarter, the gas rights under that acreage is owned by El Paso Natural Gas Company. The leasehold interest of the 160 acres in the center of the section is owned by Western Natural Gas Company.

Q Has Western Natural Gas and El Paso unitized the leasehold interest of each so that each has a uniform interest throughout the proposed unit at this time?

A That is right.

Q Will you state whether or not in your opinion, all of the acreage included in the proposed unit is productive of gas?

A It is.

Q Do you feel that the well situated on the proposed unit can produce the allowable that will be allocated to it if this unit were approved?

A Yes, sir.

Q Do you feel that if the application made by Western Natural Gas Company, with respect to each of these units, is approved, it will tend to promote the conservation of oil and gas and protect correlative rights?

A Yes, sir.

MR. SAPP: Nothing further.

MR. MACEY: Any questions of the witness?

MR. NUTTER: Yes.

CROSS EXAMINATION

By MR. NUTTER:

Q With reference to Case 951, that 40-acre tract up in the northwest of the northwest, I wonder if you would regard that as being contiguous acreage with the other 160 acres?

A Yes, we feel that corner touching is contiguous.

Q You feel that a corner is ground for contiguous acreage?

A The El Paso has attempted to unitize with other people in there and they could unitize with us where they couldn't unitize with other folks.

Q Did they make an effort to unitize --

A (Interrupting) To the best of my knowledge they did.

Q Into that Texas Company B Number 2 up north?

A Across the section line?

Q Yes.

A I don't know what action they took in that regard. When this thing first came up we asked them the same question, and it was our understanding that they were to do that sort of thing, check on the other wells and see if they could unitize with them.

Q Your well located in the southwest quarter of the northeast quarter presently has a 40-acre proration unit assigned to it?

A Yes, sir.

Q That well is over produced by quite a large amount?

A It has been shut in for a number of months.

Q It has been shut in and making it up?

A That is right. In putting together this unit we first requested a 160-acre unit of our acreage alone. We contacted the other operators in that section and all of them said it was all

right to go ahead on 160 acre basis, except the El Paso, and they said they would like to come in on a unit with us. In order to keep it all in the section and another point in that regard is that 40 acres is the only acreage in that northwest quarter that is not in a unit now. That is our acreage and El Paso's acreage, so they didn't have any way to turn in that governmental section except to us. They said, well, they would like to unitize with us and we agreed and reached an agreement.

Q Do you know of any other cases in any part of New Mexico where a proration unit has been established that is contiguous, where the acreage is contiguous on a point like that?

A No, sir.

Q That would be setting a precedent?

A I don't know of setting a precedent. I just don't know of any other cases. There could be some.

Q Your well presently has 40 acres assigned to it. You have 160 acres that are definitely contiguous with each other. If you had 160 acres you would have four times the present size of the proration unit. Would you be satisfied if the Commission felt that, if the Commission saw fit to deny that 40-acre tract up there, would you be satisfied with 160 acres?

A Yes, sir, we would abide by the decision of the Commission.

MR. NUTTER: That is all.

MR. MACEY: Anyone else?

By MR. GURLEY:

Q In your Case 950, has there been any attempt by your company to unitize the Gulf 40 acres in there?

A Yes, sir. We carried on quite a bit of correspondence with

Gulf, telephone conversation, in attempting to reach some kind of an agreement on what kind of a unit should be set up and how to handle it. We were never able to agree with them and vice versa. I understand now that Gulf has drilled a well on that 40 acres. It doesn't show on this plat because it is subsequent to the date of this plat, but it is either just completed or in the process of being completed.

By MR. MANKIN:

Q In connection with that Gulf well, that is now to be a dual completion in a 40-acre unit. Do you feel that your well located 660 feet from one unit line will efficiently and economically drain the entire unit as you are asking for it, for a 320-acre unit?

A I believe our well is capable of draining 320 acres. That brings us back to the old problem of compensatory drainage. You have some wells draining on our acreage, and maybe ours draining on someone else's acreage. I can't say where the gas is coming from. We have 320 acres productive of gas. We feel we are entitled to get our share of that gas.

MR. MACEY: Your lease, your Combest Lease is subject to drainage from the Continental "B-26" 4, Stevens "A-35", possibly, 1 and 2?

A Yes, sir, I didn't follow those names as you called them off.

MR. MACEY: Section 26, the Number 4 line of Continental.

A Yes.

Q The west offset, the Number 2 of Continental, and the south offset, the Stevens. You are completely surrounded with gas wells?

A Yes.

MR. MACEY: But they are all Jalmat producers?

A Yes, sir.

MR. MACEY: If no further questions the witness may be excused.

(Witness excused.)

MR. HOWELL: I would like to make a statement. Ben Howell, representing the El Paso Natural Gas Company. We are an owner of orphan lot containing approximately 40 acres in the northwest quarter of the northwest quarter of the section in Case Number 951. They attempted to wed the orphan to the Texas Company well, but we were not successful in getting a wedding there and the only other well in the entire section that has the capability to produce an allowable that would take care of our orphan is the Western Natural Gas Company well. So, we have asked to wed our orphan to theirs, and we hope that the Commission will see fit to give the allowable under those circumstances to the entire 200 acres.

MR. MANKIN: This would be setting the precedent in the State of New Mexico, I believe, as far as contiguous, would it not?

MR. MACEY: I believe that is correct. Anything else? If nothing further we will take the cases 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 10th day of October, 1955.

Ada Dearnley
Notary Public, Court Reporter

My Commission Expires:
June 19, 1959