

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
March 14, 1956

IN THE MATTER OF:

CASE NO. 1030

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  
March 14, 1956

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IN THE MATTER OF: :  
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: :

Application of Amerada Petroleum Corporation :  
for an order granting a non-standard gas pro- :  
ration unit in exception to Rule 5 (a) of the :  
Special Rules and Regulations for the Eumont :  
Gas Pool, Lea County, New Mexico, and the :  
pooling of interests therein. Applicant, in :  
the above-styled cause, seeks an order grant- : Case No. 1030  
ing approval of a 160 acre non-standard gas :  
proration unit consisting of SE/4 Section 26, :  
Township 19 South, Range 36 East, Eumont Gas :  
Pool, Lea County, New Mexico; said unit to be :  
dedicated to applicant's W. A. Weir Well No. :  
7 located in the SW/4 SE/4 of said Section 26 :  
Applicant further seeks an order to force :  
compulsory pooling of all unpooled interests :  
therein. :  
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BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 1030.

MR. BUSHNELL: H. D. Bushnell, Attorney with Amerada.

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

R. S. CHRISTIE,

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

DIRECT EXAMINATION

By MR. BUSHNELL:

Q Mr. Christie, you have previously testified before this

Commission as an engineer?

A Yes, sir.

MR. BUSHNELL: Are his qualifications acceptable?

MR. MACEY: They are.

Q I hand you herewith a plat which is designated as Exhibit Number 1; was this prepared under your supervision?

A Yes, sir, it was.

Q What does the plat represent with reference to the location, ownership of Amerada's Weir Well Number 7?

A Amerada's Weir Well Number 7, shown on Exhibit 1 is located 660 feet from the south line, 1980 feet from the east line of Section 26, Township 19 South, Range 36 East.

Q This well is presently and solely owned by Amerada Petroleum Corporation, is that right?

A Yes, sir.

Q When was this well originally completed?

A Weir Number 7 was originally completed on November 25, 1936, in the Monument Oil Pool.

Q And the well has since been recompleted, and what formation was it recompleted in?

A It has been recompleted in the Eumont Gas Pool with a Queen formation, on 11-10-54.

Q Is this well now producing gas from within the vertical limits of the Eumont Gas Pool?

A Yes, it is.

Q How many acres are presently allocated to this well, under present production?

A 40 acres.

Q Referring to the plat again, what does it show with reference to the southwest quarter of Section 26?

A The plat shows, among other things, the 160-acre unit which is enclosed in a red line; it shows the southeast quarter of the southeast quarter, as the Gulf 40-acre tract, with one well; the northwest quarter of the southeast quarter, Gulf's Weir-B Lease with one well, and the southwest quarter of the southeast quarter, Amerada's Weir 40-acres, with one gas well, and the northeast quarter of the southeast quarter as being a non-productive 40-acre tract.

Q How many acres are located within this southeast quarter?

A 160 acres.

(Marked Amerada's Exhibits Numbers 2 and 3, for identification.)

Q Mr. Christie, is it true that all the adjacent acreage surrounding the southeast quarter of Section 26 is presently subject to gas standard or gas non-standard units, proration units?

A Yes, sir, it is.

Q Excuse me.

A It is.

Q It is such?

A Yes, sir.

MR. BUSHNELL: I have here, and would like to admit into the record, a photostat of the original gas pooling unit entered into by the two sole leases in the southeast quarter, between Gulf and Amerada, in which they agree to pool their leasehold interests in the gas production within the vertical limits of the Eumont Gas Pool in the southeast quarter, Section 26; also have, as Exhibit

Number 3, a photostat of the executed operating agreement entered into between Gulf and Amerada, whereby they designate Amerada the proposed unit operator of the single Eumont gas well located as shown in the plat, in the southwest 40-acres of the southeast quarter of Section 26.

Q In your opinion, Mr. Christie, is the whole of the 160 acres in the southeast quarter, Section 26, proposed herein, productive of gas within the Eumont Gas Pool?

A An examination of Amerada's Exhibit Number 1 shows that there are gas wells completely surrounding the proposed 160-acre proration unit. Therefore, it is my opinion that the entire 160 acres will be productive of gas.

Q Is it your opinion that this well has the productive capacity to produce a 160-acre allowable?

A In my opinion it is capable of producing the entire 160-acre allowable. The back pressure test stated openflow potential 25,400 MCF.

(Marked Amerada's Exhibit No. 4, for identification.)

MR. BUSHNELL: I also offer into the record, Exhibit designated as Number 4, affidavit or certificate, executed by the Custodian of Records of Amerada Petroleum Corporation, setting out by name and percentage of ownership, first those royalty owners in the southwest 40 acres of the southwest quarter, where the proposed unit well is located, who have already agreed to pool their interest. Also shown on this certificate on Table 2, are the list of owners and the interest owned by each, who have been given an opportunity to pool their interest in the southwest 40 acres with that in the

southeast quarter, but from whom we have not yet received such agreements. I would like to add for the record, that we show a total of 30 royalty owners in the southwest 40 acres, owning a total interest of 70 percent of the royalty, agreeing to the pooling of their interest with the gas production in the southeast quarter. And we show a total of 19 owners in the same southwest 40 acres, owning 30.13 percent, who have not yet agreed. In no instance have we had anybody refuse to sign the agreement.

Q In your opinion, Mr. Christie, will the pooling of all interest, as herein requested, offer all owners in each tract an opportunity to recover their fair share of the production in the southeast quarter of Section 26?

A In my opinion it will.

MR. BUSHNELL: On the basis of this testimony and exhibits, which we are requesting to be admitted in this record, Amerada requests an order, first, forming a 160-acre non-standard gas pro-ration unit within the Eumont Gas Pool; and that such order also pool all interests in the southeast quarter, as proposed, and requested in our application. I will offer Exhibits 1, 2, 3 and 4 into the record.

MR. MACEY: Is there any objections? Without objection the exhibits will be received.

#### CROSS EXAMINATION

By MR. GURLEY:

Q Mr. Christie, you have testified, I believe, that 70 percent of your royalty owners have signed the pooling agreement, and 30 percent or 19 owners have not. Those 19, I believe, you wish to force to pool, in this case?

A I didn't make that statement, but it --

MR. BUSHNELL: I made that statement for the record.

MR. GURLEY: I see.

MR. BUSHNELL: Let me explain that the 19 from whom we have not yet received agreement to pool their interest are those 19 royalty owners in the southwest 40 acres. I would like to explain, and perhaps I should for the record, that the royalty owners in the northeast 40-acres, subject to the Gulf Lease, and the royalty owners in the southeast 40 acres, also subject to the Gulf Lease, have not yet returned their agreement to pool their interest; and I should explain that Monday we received notice from Gulf that they had that day sent such agreements out to their royalty owners. For that reason I can't give you returns as to their reports. This applies only to the royalty owners in the southeast 40 acres.

MR. GURLEY: Those 19 are under Gulf Lease?

A No, under Amerada Lease.

MR. GURLEY: Now, I understood you to make a statement a moment ago that they have not refused?

MR. BUSHNELL: They have not, that is correct. We have just not received agreements back from them.

MR. GURLEY: You have had contact with them and they have not refused?

MR. BUSHNELL: No.

By MR. KITTS:

Q As shown on the plat, Mr. Christie, the only working interest owners are Gulf and Amerada, is that correct?

A Yes, sir.

Q And the communitization agreement you have offered in evidence

are between Gulf and Amerada?

A Yes, sir.

Q And that has been executed?

A Yes, sir.

By MR. MANKIN:

Q Mr. Christie, might I ask first, is this producing from Queen?

A Yes, sir, it is producing from perforations from 3526 to 3592, and from 3606 to 3696, which we call the Queen Formation.

Q Is this particular well making any liquids?

A No, sir, not to my knowledge.

Q It is a single completion gas well in the Queen?

A It is a single completion, yes, sir.

Q Is it true that this particular well Number 7 has now, as assigned to it, a non-standard proration unit administratively 33 for 40 acres?

A Administratively, I believe it is 35, NSP 35.

Q There was a statement made in regard to the pooling of the interest in regard to Gulf's Leases, which I believe contained the northwest quarter and the southeast quarter of the southeast quarter, said section. What is the status of the Amerada Bates Lease as to pooling, in regard to pooling with the Amerada Weir Lease?

MR. BUSHNELL: Northeast 40 acres, all interests subject to that lease have agreed to pool their interests.

MR. MACEY: Anyone else?

MR. GURLEY: Mr. Chairman, we would like to request that

within the next few days, or, if in the near future you receive agreements back from these people that you have written to, the 19 owners who have so far not signed, that you notify us immediately of that, would you?

MR. BUSHNELL: Yes, sir.

MR. MACEY: Anyone else have a question of Mr. Christie? If not,-- Mr. Christie, as far as you know, the Gulf Weir and the Gulf Bates Number 1 are both Monument Oil Wells?

A Yes, sir.

MR. MACEY: Anyone else? If not the witness may be excused. We will take the case under advisement.

C E R T I F I C A T E

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

I, THURMAN J. MOODY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission, is a true and correct record, to the best of my knowledge, skill and ability.

WITNESS MY HAND this, the 26th day of March, A. D., 1956.

  
Court Reporter