

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 7, 1956

IN THE MATTER OF:

CASE NO. 1098 (Examiner Hearings)

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

NEW MEXICO OIL CONSERVATION COMMISSION
 MABRY HALL - STATE CAPITOL
 SANTA FE, NEW MEXICO

REGISTER

HEARING DATE August 7, 1956 TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION
R. M. Richardson	Humble Oil Co.	Roswell, N.M.
W. M. Sique	Humble Oil Co.	Hubbs, N.M.
A. A. Phillips	Humble Oil & Gas Co.	Roswell, N.M.
H. C. Merrill	Sinclair	" "
W. B. Abbott	Amerada Pet Corp	Monument, N.M.
R. M. Anderson	Sinclair	Midland & Toy
K. A. UKBB	-	-
W. H. Hays	Richardson & Bass & Humble	Roswell
J. C. Hagan	WARRIN Pet Corp	Roswell
George P. Bass	Richardson & Bass	Fort Worth, Tex
Jack M. Campbell	Campbell + Russell	Roswell, N.M.
E. K. Gibbreth	Exxon Oil	Roswell
Christen Eddington	-	Hubbs
Don Walker	-	Fort Worth
Howard Jennings	Richardson & Bass	Roswell, N.M.
Victor T. Lyon	CONTINENTAL OIL CO	Roswell, N.M.
Jason Kellahan	attorney	Santa Fe, N.M.
William D. Kellahan	National Petroleum Co	Hotchkiss, N.M.
Jason Kellahan	Ralph Louie	Santa Fe

ILLEGIBLE

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1956

IN THE MATTER OF:

Application of Sun Oil Company for approval of an unorthodox location and a non-standard drilling unit for its B. T. Lanehart Well No. 3 in the Crosby-Devonian Pool in exception to Section 2 (a) and (b) of the Special Rules and Regulations for the Crosby-Devonian Pool as set forth in Order R-639. Applicant, in the above-styled cause seeks an order authorizing an unorthodox location for its B. T. Lanehart Well No. 3 at a point 330 feet from the South and East lines of Section 20, Township 25 South, Range 37 East in the Crosby-Devonian Pool, Lea County, New Mexico; and furthermore to authorize an 80 acre non-standard drilling unit for said well consisting of the E/2 of the SE/4 of said Section 20. The proposed well is projected as an oil well rather than a gas well.

Case No. 1098
(Readvertisement)

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: The next case is No. 1098.

(Mr. Jack Cooley, Attorney for the Oil Conservation Commission, read the title of the within case.)

MR. COOLEY: This case was previously advertised and heard in Hobbs, New Mexico, on July 11th. In the advertisement there was

no mention of an exception to the 160 acre drilling unit requirement incorporated in Order R-639. Since this request was incorporated in the original application, we saw fit to readvertise and the applicant Sun Oil Company has requested that the record of the previous hearing of July 11th at Hobbs be incorporated in the record of this case. Our purpose in readvertising is to reopen for any additional objection or approval of the request, that being an exception to the 160 acre drilling unit requirement.

MR. MANKIN: Is there anyone who would like to make a statement in this case?

MR. CAMPBELL: Mr. Jack Campbell of Campbell and Russell, Roswell, New Mexico. Mr. Examiner, I would like to enter our appearance and make a statement on behalf of Harry Leonard. Mr. Leonard is the owner of a three/sixteenth royalty interest under the East/2, SE/4, Section 20; and a 6 $\frac{1}{2}$ per cent working interest under the S/2, SE/4, Section 21; location on which the off set oil well is situated; and is the owner of a one/fourth royalty interest under the NW/4 of Section 28 on which Sinclair has a gas well. We had no objection and had none at the time of the original hearing, to the unorthodox location, the 330 location, and with the understanding that the proposed drilling unit is an exception to the gas pool rule as I understand it to be, we have no objection to 180 acre gas proration unit for the purpose of making it possible to get a permit to drill a well, however, we do request that the order be perfectly clear that this^{is} not the granting of a non-standard 80 acre unit for an oil well should it be an oil well, but if it is a gas well, it will be subject to Statewide Rules and Regulations

regarding such wells until a subsequent hearing in connection there-
with.

MR. WEBB: Mr. Layton Webb of Sinclair Oil & Gas. Sinclair
owns a full interest and has two wells with a one/half interest. I
think we were under the/^{same}impression that Mr. Campbell was, that they
were attempting to assign 80 acres to a well before the well was
drilled and the acreage proved up, and the geology indicates this
will be a gas well, and with the understanding that it is to be an
80 acre non-standard drilling unit or proration unit for a gas well
we have no objection, but if the order is to attempt to assign 80
acres to an oil well, we would want to protest.

MR. MANKIN: Are there any other statements? If not, let the
record show that the applicant indicated in his application and
prior testimony that he desired to drill this well for an oil well
and had only 80 acres assigned to it and as such he was asking per-
mission to drill for C-101 only. If it is an oil well he will at-
tempt to conform after it is completed, if it is an oil well it will
take on the Statewide Rules for the oil allowable. Are there any
other comments? If not, the case will be taken under advisement.

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STATE OF NEW MEXICO)
 : SS.
COUNTY OF SANTA FE)

I, DOROTHY B. MYERS, a Court Reporter, do hereby certify the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico, was reported by me in shorthand and reduced to typewritten transcript by me or under my personal supervision, and that the same is a true and complete record to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 5 day of Sept,
1956.

Dorothy B. Myers
Court Reporter

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 11, 1956

IN THE MATTER OF:

CASE NO. 1098

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
JULY 11, 1956

IN THE MATTER OF: :
 :
CASE NO. 1098: Application of Sun Oil Company for an :
order granting an exception to Section :
2 (b) of the Special Rules and Regula- :
tions of the Crosby Devonian Pool as :
set forth in Order R-639 in the estab- :
lishment of an unorthodox location for :
its B. T. Lanehart Well No. 3 in Sec- :
tion 20, Township 25 South, Range 37 :
East, Lea County, New Mexico. Appli- :
cant, in the above-styled cause, seeks :
an order granting an unorthodox loca- :
tion for its B. T. Lanehart Well No. 3; :
said well to be drilled 330 feet from :
the South and East lines of Section 20, :
Township 25 South, Range 37 East, Crosby :
Devonian Pool, Lea County, New Mexico; :
said request for unorthodox location is :
occasioned by prior wells on the lease :
and the operators desire to gain struc- :
tural position for a possible oil well :
rather than a gas well. :

BEFORE:

Warren W. Mankin, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. MANKIN: The meeting will reconvene. Next case is 1098.

MR. GURLEY: Application of Sun Oil Company for an order granting an exception to Section 2 (b) of the Special Rules and Regulations of the Crosby Devonian Pool as set forth in Order R-639 in the establishment of an unorthodox location for its B. T. Lanehart Well No. 3 in Section 20, Township 25 South, Range 37 East, Lea County, New Mexico.

MR. BALLOU: On June 4th, Sun Oil Company filed an application for a permit to drill and all those forms are in the Commission's

hands. I am R. H. Ballou, Sun Oil Company, I have one witness, Mr. Hans Winkler, geologist, from Roswell, New Mexico.

(Witness sworn.)

MR. BALLOU: After filing forms for permit to drill this well, we found that wells should be located 660 feet from the corner for gas wells in the Crosby Devonian Pool. This is an oil prospect in the hopes that we will get the same oil column that is found in the Olson No. 1 Well in the quarter section to the east of our requested location for the E. T. Lanehart Well No. 3.

H A N S W I N K L E R,

called as a witness on behalf of the applicant, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. BALLOU:

Q Mr. Winkler, where do you live? A Roswell, New Mexico.

Q You are employed by Sun Oil Company? A Yes.

Q In what capacity? A Geologist.

Q How long have you been so employed?

A Well, I have done geological work for about fifteen years.

Q Have you ever testified before this Commission before?

A Yes, about four years ago.

MR. BALLOU: Are his qualifications as a geologist acceptable?

MR. MANKIN: They are.

Q Is the area under discussion here under your supervision?

A Yes, sir.

Q Have you made a study of the Crosby Devonian Pool?

A Well, yes.

Q Have you prepared any exhibits?

A I have this Exhibit No. 1 right here.

Q That is in support of our request for an unorthodox location for our B. T. Lanehart No. 3? A Yes.

Q Would you explain your interpretation of the geology in the Crosby Devonian Pool to the Examiner, please?

A Well, this map is about as conservative as you can draw it, I believe. I haven't tried to get equal space, I have spaced as down here where there is not as much control, but it appears a location 330 feet out of the southeast corner would be about level with the Olson oil well.

Q That is based on the information you have on this area at this time? A That is right.

Q How many wells are completed in that field now?

A Seven at the present time.

Q That is six gas wells and one oil well?

A One oil well and two drilling wells.

Q Now, based on the information you have, do you think your request for a location 330 feet out of the corner there is a reasonable request? A I do.

Q There is a well on that same quarter quarter section 660 feet from the south and east lines, isn't there?

A Yes.

MR. BALLOU: That well, Mr. Examiner, was shown on our plat which was filed with our original application.

Q You think it would be reasonable to move the location farther to the north or to the west from where you have made it?

A It would be gambling a little bit more. We are already taking a chance, I think, by getting a little low on the structure.

MR. BALLOU: I think that is all we have on this application, Mr. Examiner.

BY MR. MANKIN:

Q Mr. Winkler, I notice on your Exhibit No. 1 that interpreting this field that you interpreted that there was a fault over on the east edge of the field that was cut by Anderson Pritchard's Lanehart No. 1?

A Yes, that is put in there because we didn't know how to account for that particular section of Woodford shale, which overlies the Devonian, and quite a few of the fields in this part of New Mexico have small truss faults associated with the structure. They are not too important as a rule.

Q Particularly in Devonian structures?

A That's correct, yes.

Q Then, on the basis of the Woodford thickness that you have shown on your map here, apparently you do not believe that this Olson No. 1 Well or the well which you had proposed had cut a fault, then?

A No, I don't believe it did. It may be awful close to the fault, but we don't have any control to determine the direction.

Q The reason I asked that question is that all the wells up to now except one have been completed as gas wells, and the pool is so designated as a gas pool with 160 acre spacing, is that correct?

A That is what I understand, yes.

Q You are anticipating that there will be oil production on the proposed location?

A That is right.

Q Can you give us any information as to whether or not this is a gas pool or whether that gas produced here is gas well gas or what the status of the reservoir might be?

A I believe it is a little early to predict what the situation is. This oil well may be due to something that I haven't shown here, there may be some additional faulting that we have no control over.

Q But of course, you haven't drawn any fault because there is very little control over that area?

A That is right.

Q And you likewise feel that the Woodford thickness is pretty well represented in the oil well as well as the gas well?

A That's right.

Q Do you feel that the high withdrawals of gas in this field, in the neighborhood of four and five, six million cubic feet a day, might pull some oil up structure in this particular field?

A I don't know. I have heard that there has been very little drop in pressure so far. I don't believe I could answer that.

Q The oil well, however, was definitely an oil well, was it not?

A Yes, I understand it has a rather low gas-oil ratio.

Q Gravity is very low, similar to an oil well?

A I believe it is.

Q It is not up in the distillate range like the distillate that is produced from the gas wells in this pool?

A Yes.

Q Do you have any opinion as to whether this should be continued as a gas pool rather than as a combination gas pool and oil pool?

A Well, so far as there is only one oil well, and unless there

is more, I would think that it probably be considered as a gas field.

Q You indicated there was two drilling wells. Where are those, Mr. Winkler?

A The Humble well in the NW/4 of 29, Humble Bates and El Paso Natural Gas in 33, NW/4 of 33.

MR. BALLOU: Mr. Winkler, on the basis of information that will be gained from the Humble well and if Sun is permitted to drill its well, do you feel that that additional information will permit you to more nearly determine which way the contours in the north end of the field run?

A The Humble well should give up a little additional information, but it still doesn't give us too much control right now in the SE/4 of the section, at our location.

BY MR. BALLOU:

Q What is the difference in the sub-sea depth of the porosity in the Olson well and the Sinclair Lanehart well there?

A Let's see. There is approximately 300 feet between the base of the porosity in the Sinclair well and the top in the Olson well.

Q In other words, the Olson well is approximately 300 feet lower on structure than the Sinclair well which is about half a mile to the south?

A That's right.

Q What does that indicate to you, as a geologist?

A Well, it indicates that a rather large structure and porosity seems to be confined to the upper part of the Devonian only. Your porosity **drops** over the field.

Q I believe you said on the basis of your interpretation at this time that you think a well located 330 feet out of the south-

east corner of your Lanehart tract will put your well approximately at the same sub-sea depth as the Olson No. 1?

A That's right.

Q You wouldn't be able to change your interpretation until you have more information on the area?

A I don't believe I could change it at all now.

BY MR. MANKIN:

Q Mr. Winkler, I have seen from your map, Exhibit 1, that you might have had possibly some other controls, seismographic controls, which would give you a portion of this picture.

A All we had was a little control on the Yates which I think bears out that the discovery well was drilled pretty much on top of the structure or at least that the dip from the discovery well to the north is all to the north. Now, I have left it open to the south, and it may extend quite a ways south, but it hasn't been developed in that direction.

Q Do you expect quite a number of oil wells will be drilled around the edge of this structure similar to this Olson No. 1 and your well in question and the Humble well which is now drilling?

A It could be that the Humble well would come in about that zone. It is a little early yet to tell where -- I don't believe we can correlate it on the upper markers and predict where it will enter the Devonian.

Q So it is a little hard to tell at this time whether you are going to get quite a number of oil wells around the edge of this structure or not?

A I think so.

Q But it is a possibility?

A Yes.

Q And until that is determined, it would be rather hard to tell whether this is a gas pool or oil pool? A I think so.

BY MR. BALLOU:

Q Mr. Winkler, if the Humble well comes in at approximately the sub-sea depth of the Olson Owens well, and the Sun Lanehart well is permitted to be drilled, and is drilled and similiarly comes in as an oil well, it would give you a whole lot more indication that there is a sizable oil rim on the gas cap of this Devonian production, would it not? A Yes.

Q But until those wells are completed, you don't have much information to go on? A No, we don't.

BY MR. MANKIN:

Q Mr. Winkler, then, if further development shows there is considerable oil rim, should not the Commission possibly call this for further hearing to show cause why it should not be properly prorated as an oil pool rather than as a gas pool?

A I think that is the procedure, isn't it, to -- if it is primarily an oil pool, develop it as such.

MR. BALLOU: Don't the rules of the oil and gas Conservation Commission require you to limit the withdrawals from a gas pool if it is determined that there is a sizable oil rim on the gas cap?

MR. MANKIN: Certainly, I believe, it should be subject to a hearing.

MR. BALLOU: I think it is my understanding that rules require the Commission to call such hearing at the time it is determined that there is a sizable oil rim.

BY MR. GURLEY:

Q Your main reason here for not complying with the rules is the fact that you have already got a well located there, isn't it?

A That is one of them, I think. It is right about where we would want, well, we would like to get a little farther up dip, too, to get on the same contour with the oil well.

Q But in any case, it would be impossible for you to comply with the rules in order to drill this well?

MR. BALLOU: That's right.

MR. MANKIN: This particular well has not been started as yet?

MR. BALLOU: No, sir. I would like to say that in the event the well is permitted at that location, and it turns out to be a gas well, an effort will be made to form a normal standard gas proration unit, provided the information we gain from this well shows that we have 160 productive acres to assign to the well. That will, of course, be the subject of another hearing.

MR. MANKIN: Who is the owner-operator of the W/2 of the SW/4 of Section 29, which would be the adjoining 80 acres?

MR. BALLOU: Anderson Pritchard.

MR. MANKIN: Have they indicated that if this turns out to be a gas well that they would be agreeable to working out some sort of an agreement?

MR. BALLOU: I don't believe they have been contacted, Mr. Mankin, but ordinarily Anderson Pritchard are willing to go into units with other operators if the unit is presented to them, and I assume they would be in this case.

MR. MANKIN: Is there any further questions of the witness

in this case? Did you wish to introduce Exhibit No. 1?

MR. BALLOU: Yes, I would like the map which has been marked Exhibit 1 be accepted by the Commission.

MR. MANKIN: Is there any objection to entering Exhibit 1 in this case? If not, it will be entered.

(Whereupon, Exhibit No. 1 was admitted in evidence.)

MR. BALLOU: Is it necessary to enter the forms filed as exhibits in this case?

MR. MANKIN: No, it will not be necessary. Those are on hand in the Hobbs office and will await approval of this case.

MR. BALLOU: Thank you.

MR. MANKIN: If there are no further questions of the witness, the witness may be excused.

(Witness excused.)

MR. MANKIN: Is there any statements to be made in this case? If not, we will take the case under advisement.

