

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

IN THE MATTER OF:

CASE NO. 1099 & 1100 (consolidated)

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
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ALBUQUERQUE, NEW MEXICO

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

IN THE MATTER OF: :

CASE NO. 1099: Application of John J. Redfern, Jr. for :
an order granting an exception to Rules :
2, 3 and 6 (a) of the Special Rules and :
Regulations for the Fulcher Kutz-Pic- :
tured Cliffs Gas Pool, as set forth in :
Order R-565-C to permit the establish- :
ment of a non-standard gas proration :
unit in said pool, San Juan County, New :
Mexico. Applicant, in the above-styled :
cause seeks an order establishing a :
197.96 acre non-standard gas proration :
unit comprising Lots 1, 2 & 3, S/2 SE/4 :
and SE/4 SW/4 Section 9, Township 28 :
North, Range 11 West, San Juan County, :
New Mexico; said unit to be dedicated to :
applicant's H. L. Gentle Well No. 1 lo- :
cated 1100 feet from the South line and :
1520 feet from the East line of said :
section. :

CASE NO. 1100: Application of John J. Redfern, Jr. for :
an order granting an exception to Rules :
2, 3 & 6 (a) of the Special Rules and :
Regulations of the Fulcher Kutz-Pictured :
Cliffs Gas Pool as set forth in Order :
R-565-C in establishment of a non-stand- :
ard gas proration unit in said pool, San :
Juan County, New Mexico. Applicant, in :
the above-styled cause, seeks an order :
establishing a 201.22 acre non-standard :
gas proration unit comprising Lot 4 and :
SW/4 SW/4 Section 9, Lots 1 & 2 and S/2 :
SE/4 Section 8, all in Township 28 North, :
Range 11 West, San Juan County, New :
Mexico; said unit to be dedicated to :
applicant's H. L. Gentle Well No. 2 lo- :
cated 390 feet from the North line and :
1100 feet from the West line of said :
Section 9. :

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. WANKIN: Next case is 1099 and 1100.

MR. COOTER: Paul Cooter, Atwood and Malone, Roswell, New Mexico, appearing for the applicant, John J. Redfern, Jr. We have one witness, Mr. Hurd.

(Witness sworn.)

J. H. HURD,

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

DIRECT EXAMINATION

BY MR. COOTER:

Q Will you state your name, sir? A J. H. Hurd.

Q Where do you live, Mr. Hurd? A Midland, Texas.

Q Are you an interested party in Cases 1099 and 1100?

A I am.

Q The applicant, in both cases, is John J. Redfern, Jr. What connection do you have with Mr. Redfern?

A Mr. Redfern and I are associated in the oil business together.

Q Do you appear at this hearing as his agent?

A I do.

Q Are you familiar with the application of Mr. Redfern in both cases?

A I am.

Q First, Mr. Hurd, what is sought by the application in Case 1099?

A Case 1099, the applicant seeks to obtain an order establishing a --

MR. WANKIN: Before we go any further, Mr. Cooter, do you wish to request at this time, that these two cases be considered together

as far as testimony is concerned?

MR. COOTER: For the purpose of taking evidence at this hearing.

MR. MANKIN: Is there any objection to hearing Cases 1099 and 1100 together for the purpose of evidence? If not, they will be so consolidated for the purpose of testimony.

A Case 1099, the applicant seeks to have an order establishing a 197.96 acre non-standard gas proration unit, comprising Lots 1, 2 & 3, S/2 SE/4 and SE/4 SW/4 Section 9, Township 28 North, Range 11 West, San Juan County, New Mexico, wells to be applicant's No. 1 Gentle.

Q What is sought by the application in Case 1100?

A Case 1100, the applicant seeks to establish a non-standard gas proration unit comprising 201.22 acres, being NE/4 and SW/4 SW/4 Section 9, Lots 1 & 2 and S/2 SE/4 Section 8, all in Township 28 North, Range 11 West, San Juan County, New Mexico. The wells to be assigned or dedicated to that unit will be applicant's No. 2 Gentle.

Q In most instances, does not the applicant seek an exception to Rules 2, 3 & 6 (a) of Order No. R-565-C pertaining to the Fulcher Kutz-Pictured Cliffs Gas unit?

A That is correct.

Q Would you give the location?

MR. MANKIN: Mr. Cooter, before you proceed further, I believe Mr. Hurd is a technical witness, is he not?

MR. COOTER: No, we haven't qualified him as that, Mr. Examiner, for the reason that the two units, the two exceptions to the rules are such as so closely pertaining to the field rules for the

area, that we did not bring a geologist over with us. If you would like expert testimony in this regard, after a short recess, we would be able to produce such.

MR. HANKIN: It wouldn't -- I just wanted to make certain what his position was, technical witness, or as an interested party in the case. I think you will find by a previous nomenclature case of the Commission's own staff that this pool was extended for geological and pool purposes to indicate the productivity of the area, so that won't be necessary to indicate the productivity of the acreage.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Mr. Hurd, I show you --

MR. CURLEY: Which case is this for?

MR. COOPER: Both.

Q I hand you herewith a copy of a platt designated as Exhibit No. 1. Was this prepared under your direction?

A It was.

Q Will you please explain this platt, specific reference being given to the units which are the subject matter of the two cases, one outlined in red and one in green?

A Yes, sir. I believe the one in red -- outlined in red, proposed unit, Case 1099, comprising a total of 197.96 acres, and the John J. Redfern, Jr., No. 1 H. L. Gentle Well, located 300 feet from the South line and 125 feet from the East line of Section 9; in case 1100, the proposed unit comprising a total of 201.22 acres, containing Well No. 2, same operator, same name, that location was

890 feet from the North line, 1100 feet from the West line of Section 9.

Q I notice from the platt that the two sections, Sections 8 and 9 which are now involved are fractional sections, is that right?

A That is right, Section 8, according to our tabulation, contains a total of 267.32 acres; Section 9, 264.19 acres.

Q Mr. Hurd, will you give the drilling and completion data on the Gentle No. 1 Well?

A Yes, sir. John J. Redfern, Jr., Gentle No. 1 Well, started August 30, 1955, drilling was completed September 5, 1955, the well was drilled to a total depth of 1525 feet, being bottomed and completed in the Pictured Cliffs sand horizon, that well was completed for a gas well in that horizon with a potential of 3,668,800 feet of gas per day.

Q Do you have the pressure data on that?

A Yes, sir. The rock pressure on that well was 380 pounds.

Q Would you give the same data with reference to the Gentle No. 2 Well?

A Redfern No. 2 Gentle, commenced drilling the 15th of November, 1955 -- I would like to correct that, 29th of October, 1955, and completed November 6, 1955, completed at the depth of 1553 feet, Pictured Cliffs formation, initial potential 577,000 cubic feet per day, rock pressure, 405 pounds, both wells were completed with a frack stem, properly cased and all the forms required have been filed with the State and U.S.G.S.

Q Mr. Hurd, do you have any information indicating whether or not all of the acreage included in the two proposed non-standard

units can reasonably be, and assumed to be, productive of gas?

A Yes, sir, we believe that all the acreage in both units can reasonably be assumed to be productive of gas. Exhibit A, which has been submitted, contains a -- shows a gas well approximately three-quarters of a mile northeast of the proposed unit for Gentle No. 2; there is gas production in Section 32, slightly over a mile from both units, and also gas production to the northeast within a three-quarter mile range, and since filing these applications, the same operator has completed a gas well in Section 16, being immediately south of Gentle No. 1 gas well.

Q Same operator, and you refer to Mr. Redfern?

A That is correct.

Q By whom is the oil and gas leasehold estate in the proposed unit owned?

A Leasehold estate owned by John J. Redfern, Jr.

MR. MANKIN: By whom is the basic royalty owned?

A United States of America.

Q Are there any overriding royalties in existence?

A Yes, sir, there are.

Q Could you give us approximately the amount of those overriding royalties?

A Approximately the overriding royalty on both wells are 31%.

Q While the basic royalty is owned by the United States of America, are there different federal leases involved on more than one -- or more than one lease involved? A Yes, sir.

Q Has a communitization agreement been executed, filed and approved?

A Communitization agreements are now being circulated for signature. It has not been completely executed yet, but is being done so now.

MR. COOTER: Could I state at this time, that when the agreement has been executed by all interested parties including the working interests and overriding royalty interest owners and filed and approved, by the Government, that either a copy or a certified copy will be filed with the Commission.

Q To what pipeline have these wells been connected, Mr. Hurd?

A El Paso Natural Gas.

Q And they are connected at the present time?

A They are.

Q The wells are shut in? A That's right.

Q In your opinion, Mr. Hurd, will the approval of the non-standard units prevent waste and protect correlative rights?

A Yes.

MR. COOTER: We would now like to offer Exhibit No. 1 in evidence.

A I would like to make one addition here on the Exhibit, Section 17, 29 North, 11 West, is underleased to the applicant John J. Redfern, Jr., and there are leases of record pertaining to a majority of the acreage immediately north of the units, being Sections 31 and 32, which are probably not shown on the plat because we didn't have a great access to the records at the time of the preparation.

MR. MANKIN: You say you have those at this time, ownership?

A Sir, I have it as taken from a map. We were not able to check

the records for Sections 32 and 31, to the north, but -- so I wouldn't want to swear it is exactly true, but I have evidence on ownership maps that it is under lease.

Q There has been no development except as shown on your plat?

A To the best of my knowledge, all the development is shown on the plat.

MR. MANKIN: Is there any objection to the introduction of Exhibit 1 in this case? If not, it will be so received.

(Whereupon, Applicant's Exhibit No. 1 was received in evidence.)

BY MR. MANKIN:

Q Mr. Hurd, does John J. Redfern, Jr., now have all of the leases, the Federal leases under these two proposed units?

A Yes, sir.

Q There was a time, however, until just recently, that he did not have all the leases, there were a portion of these units --

A Best of my knowledge, they were all --

Q So you are not aware until recently that Mr. Redfern purchased a portion of these leases by sale and just got approval of them recently?

A Since the wells were completed?

Q In that period of time, that they were completed.

A No, sir, I am not aware of that.

Q In other words, Mr. Redfern, at the time he started drilling these wells, did not have completely all the acreage herein claimed today?

A Beg your pardon. I beg your pardon. You are correct.

Q But at the present time those leases have been consummated and Mr. Redfern now has complete leases on all acreage herein claimed?

A Yes, sir.

Q You mentioned the tests on those two wells, Gentle No. 1 and No. 2, and on the Gentle No. 1 I believe you indicated it was about a three million well?

A It was about a three million well.

Q You indicated rock pressure of something around three or four hundred pounds?

A Yes.

Q Do you have a seven-day shutin pressure on that?

A Not at this time.

Q That has not been taken?

A No, sir.

Q So you are not aware of what the shutin pressure, what the required seven-day shutin pressure is?

A No, sir.

Q Just a rock pressure, and that is true on both wells?

A Yes, sir.

Q Was this test that was taken, was that a three-hour test or what kind of test was it?

A It does not show that the test on No. 1 was witnessed, but it doesn't give any length of test. It looks like No. 1 Gentle, note here indicates a three-hour test with pressures taken at alternate periods of time during the period of test, so I assume that three-hour test would be correct with No. 1. I do not have that information on No. 2.

Q Would that be furnished to the Commission?

A Yes, sir.

Q We would like to know what length of tests those two tests

were, and if possible, any length of time for pressure buildup.

A All right, sir.

MR. MANKIN: Is there any further questions of the witness in this case? If not, 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 two cases under advisement, and the hearing is adjourned.

