

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:

Case No. 1191

TRANSCRIPT OF PROCEEDINGS

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTE FE
3-6691 2-2211

January 9, 1956

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

REGISTER

HEARING DATE

January 9, 1957

TIME:

9:00 a.m.

NAME:	REPRESENTING:	LOCATION
R. J. Christensen	Magnolia Pet Co.	Dallas
W. G. Abbott	Amerada Pet Corp.	Hobbs, N.M.
J. W. Montgomery	Shell Oil Co.	Monument, N. Mex.
Don Walker	Gulf Oil	Hobbs N.M.
Wm. V. Foster	Gulf Oil	Ft Worth, Texas
Guy A. ...	Gulf Oil	Roswell, N.M.
B. ...	Bridgeway Corp. The ... Co.	Roswell N.M.
M. Boyd Street	"	Breckenridge, Texas
Robert H. ...	GRARIDGE Corp	Graham, Tex.
J. D. ...	El Paso Natural Gas	Breckenridge TEXAS
W. ...	"	Jalisco, Mexico
R. T. Wright	Shrew Oil Co.	"
George ...	State Engineer	"
Frank & ...	Utex Exploration Co.	Santa Fe
G. M. ...	Utex Exploration Co.	Artesia, New Mex.
T. R. ...	Russell Engineering	Abilene, Tex.
P. M. ...	State Engineer	Abilene, Tex.
L. ...	State Engineer	Santa Fe
E. A. ...	State Engineer	C.F.

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Rules and Regulations for said pool, as set forth in Order R-520.

MR. KASTLER: My name is William V. Kastler, and I am employed by Gulf Oil Corporation, and I am a practicing attorney in this state. This is my first appearance before the Commission as an attorney to examine our witness. The witness is Mr. Don Walker.

MR. MANKIN: You have only one witness?

MR. KASTLER: Yes.

MR. MANKIN: Stand up to be sworn, Mr. Walker.

(Witness sworn.)

DON WALKER

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

DIRECT EXAMINATION

BY: MR. KASTLER:

Q For the record, will you please state your name and occupation?

A I am Don Walker, division proration engineer for the Fort Worth production division located in Fort Worth, Texas, employed by Gulf Oil Corporation.

Q Have you appeared before this body on numerous occasions and qualified as an expert witness?

A Yes, sir.

MR. MANKIN: The witness' qualifications are satisfactory.

Q Thank you. Do you have an exhibit showing the land involved in Case 1191?

A Yes, sir I do.

MR. KASTLER: Will you mark this as Exhibit No. 1, if you will, please.

(Gulf's Exhibit No. 1 marked for Identification.)

Q Would you please explain what Gulf is seeking in Case No. 1191, and what is shown on this map?

A Yes, sir. This is Gulf's application for an order establishing a 240-acre non-standard gas proration unit in the Eumont Gas Pool in exception to Rule 5 (a) of the New Mexico Oil Conservation Commission Special Rules and Regulations as set forth in Order R-520.

The reason this application by hearing is necessary, is because we are crossing section lines which would require this exception.

Q Would you state briefly the history of the unit well?

A Yes, sir. This well, the proposed unit well is Gulf's R. R. Bell "A" Well No. 2, located 660 feet from the South line and 660 feet from the East line of Section 8, in Township 21 South, Range 36 East, Lea County, New Mexico, as shown on this Exhibit.

This well was originally completed in the Eunice Field,

Oil Pool on January 22, 1935. This well is now bled and is a gas producer from what is known as the Eumont Gas Pool and is connected to the Permian Basin Pipe Line System.

Q Have you prepared or caused to be prepared a contour map on top of the Yates Formation to be introduced as an exhibit here?

A Yes, sir, I have.

MR. KASTLER: May I have this marked as Exhibit No. 2?

(Gulf's Exhibit No. 2 marked for Identification.)

Q Now, Mr. Walker, the leases involved in this proposed 240-acre unit, do you have a pooling agreement with Atlantic?

A Yes, sir. First, I will describe the area. The area included in this proposed unit consists of three 80-acre tracts. An 80-acre lease owned by Atlantic Refining Company State "B" Lease, which consists of the N/2 of the SE/4 of Section 8, and Gulf's R. R. Bell "A" Lease, also an 80-acre lease, which is the S/2 of the SE/4 of Section 8, and a portion of Gulf's Bell-Ramsay "A" Lease, which is the W/2 of the SW/4 of Section 9, all in Township 21 South, Range 36 East.

Now, in answer to your question, Gulf and Atlantic have a signed agreement to unitize the properties involved in these three eighty-acre leases, portions of leases, and this agreement has been signed and approved by the Commissioner of Public Lands

on November the 9th, 1956.

Q All three are state leases, is that correct?

A Yes, sir.

Q Now, would you please explain what is shown on Exhibit No. 2, the contour map on top of the Yates Formation.

A All right, sir. This is, as you just stated, a contour map on top of the Yates Formation, which indicates the Yates structure to be from about plus three hundred to about a plus nine hundred feet, nine hundred and fifty feet in this area, and Gulf's, the area in Gulf's proposed unit here is from about a plus seven hundred twenty-five, or seven hundred forty, to about a plus eight hundred sixty, I believe. No, about eight hundred thirty, I am sorry, and there are producing Eumont gas wells on all sides of this proposed unit area, and from this, it certainly indicates to me that this is productive of gas in the Eumont Gas Pool.

Q Do you have another exhibit showing the units have previously been approved by the Commission?

A Yes, sir.

Q In this immediate area? A Yes, sir.

MR. KASTLER: May this be marked Exhibit No. 3, if the Commission please?

(Gulf's Exhibit No. 3 marked for Identification.)

Q Now, will you please explain what is shown on Exhibit

No. 3?

A Exhibit No. 3 actually is a duplication of Exhibit No. 2, except I have indicated on Exhibit No. 3, as far as I could tell, the proration units which have been approved by the Commission in the area immediately surrounding that proposed unit, 240-acre unit.

Q Yes, sir.

A I left out a little something up here in the history.

Q Yes, sir.

A By New Mexico Commission letter dated December 29, 1953, the Commission approved Gulf's 80-acre non-standard proration unit on our 80-acre R. R. Bell "A" 80-acre lease which consists of the S/2 of the SE/4 of Section 8 in Township 21 South, Range 36 East, and the gas from this bradenhead gas producer was used for lease operation at that time. However, on January 2, 1955, this well was connected to the Permian Basin Pipe Line System, and on February the 2nd, the first delivery was made to Permian.

Q I see. As an intermediate measure, has any further application been made that you care to tell about at this time?

A Yes, sir. After we made application for this hearing, rather, after the unitization agreement had been signed by the Commissioner of Public Lands we filed another letter, a letter of application dated November 26, and December 6, requesting the

Commission's approval for the 160-acre unit included in the SE/4 of Section 8, and this was approved by an administrative order dated January the 4th, 1957. That's the present status of the well.

Q Mr. Walker, in your opinion, is this 240-acre proposed unit capable of producing the allowable for the 240-acres?

A Yes, sir, it is. At this time, Eumont gas wells are assigned about four hundred thousand cubic feet per day, and on the last test on this well, the open flow potential was estimated at approximately four million cubic feet, and on line pressure, about two million two thousand, and certainly, with one and a half units, one and a half of the standard allowable, we are capable of producing that.

Q If this application were approved, in your opinion, would correlative rights of others be impaired?

A No, sir.

MR. KASTLER: I believe that's all I have at this time.

CROSS EXAMINATION

BY: MR. MANKIN:

Q Mr. Walker, is this an approved Bradenhead dual completion?

A I believe it is. It is my understanding that it is. I don't exactly know what you mean by an approved completion.

Q Has an order been entered approving this as a Bradenhead

completion by the New Mexico Oil Commission?

A On this letter of December 29th, 1956, the Commission, when they initially set up our 80-acre allowable, stated, "It is requested that Gulf file a dual completion order on the above well," which I assume they did. It says, "It is assumed that it is a Bradenhead completion."

Q Was it authorized by hearing, or administrative order?

A I don't know that, sir.

MR. KASTLER: I believe Mr. Walker has prepared, or caused to be prepared, showing this, a log of this well.

A Yes, sir.

MR. KASTLER: And I would like to introduce this as Exhibit No. 4.

(Gulf's Exhibit No. 4 marked for Identification.)

MR. MANKIN: Are there any further questions of the witness?

MR. UTZ: Yes, I have a question.

MR. MANKIN: Mr. Utz.

BY: MR. UTZ:

Q Can you tell me, Mr. Walker, what the order of completion is on the boundaries of this proposed unit?

A The other three Gulf wells are all Eunice Oil wells producing from the Grayberg, and I haven't checked the status of

the two Atlantic wells, but I think they are the same, but I will check that and bring that information, Mr. Utz.

Q All right.

A The fact is, I should have said the other four Gulf wells. This, in fact, is a dual completion. We are still producing Grayberg oil in this well No. 2, which is the Bradenhead gas well.

Q What is the annular flow, tubing flow on Bell No. 2?

A For gas?

Q Yes.

A The flow is outside the five inch casing, between the five and a half and seven inch casing.

Q Five and a half and seven inch casing?

A The top of cement has been estimated on this exhibit No. 4 at 3215, which is well above the top of the Queen, and from that point to the base of the seven inch casing is the interval from which this gas is coming, which is a little above the top of the Yates down into a portion of the Seven Rivers.

MR. UTZ: That's all.

MR. MANKIN: Is there any other questions of the witness?

BY: MR. GURLEY:

Q Have you filed an affidavit of communitization in this case, Mr. Walker?

A I believe I can safely say yes, but I don't --

MR. MANKIN: Yes, a copy of the communitization agreement signed by Atlantic and signed by the State Land Office has been received by this Commission.

A Thank you.

MR. MANKIN: Are there any other questions of the witness? Do you wish to enter Exhibit Nos. 1 through 4 in this case?

MR. KASTLER: I do.

MR. MANKIN: Are there any objections to entering Exhibits Nos. 1 through 4 in this case? If not, they will be entered. Are there any further questions of the witness? If not, the witness may be excused.

(Witness excused.)

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

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, J. A. Trujillo, 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, the 11th day of January, 1957.

J. A. Trujillo

NOTARY PUBLIC - COURT REPORTER

My Commission Expires:

October 5, 1960