

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
HOBBS, NEW MEXICO

CASE NO. 1214

TRANSCRIPT OF HEARING

FEBRUARY 27, 1957  
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  
FEBRUARY 27, 1957

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IN THE MATTER OF: :

CASE NO. 1214: Application of Great Western Drilling Company: :  
for a non-standard drilling and proration :  
unit in the South Carter-San Andres Oil Pool, :  
Lea County, New Mexico, in exception to Rule :  
104 of the Commission Rules and Regulations. :  
Applicant, in the above-styled cause, seeks :  
an order creating a 40-acre non-standard :  
drilling and proration unit in the South :  
Carter-San Andres Oil Pool consisting of Lot :  
1 and the East 13.66 acres of the NE/4.NW/4 :  
of Section 8, Township 18 South, Range 39 :  
East, Lea County, New Mexico. :  
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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: Next case on the docket is Case 1214.

MR. COOLEY: Application of Great Western Drilling Company  
for a non-standard drilling and proration unit in the South Carter-  
San Andres Oil Pool, Lea County, New Mexico, in exception to Rule 104  
of the Commission Rules and Regulations.

MR. HINKLE: If the Commission please, Clarence Hinkle,  
Hervey, Dow & Hinkle Roswell, representing the Great Western Drill-  
ing Company. We have one witness, Mr. M. D. Wilson, we would like  
to have sworn.

MR. MANKIN: Mr. Hinkle, would you like to amend this ap-  
plication at this time to reflect that this is in the South Carter-

San Andres Pool rather than the Carter-San Andres Pool?

MR. HINKLE: I sure would if that is the case, I didn't know it.

MR. MANKIN: The application did state Carter-San Andres, we checked and found it was in the South Carter.

MR. HINKLE: Yes, we would like to amend the application to show.

MR. MANKIN: Similar to what the advertisement was?

MR. HINKLE: Yes.

MR. MANKIN: Is there any objection to that correction at this time? If not, we will so accept that correction.

(Witness sworn.)

M. D. WILSON,

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please. A M. D. Wilson.

Q By whom are you employed?

A Great Western Drilling Company.

Q What capacity?

A As production co-ordinator.

Q Have you previously testified before this Commission?

A No, I haven't.

Q Are you a graduate Petroleum Engineer?

A Yes, I am.

Q What school?

A University of Texas.

Q What year?

A Bachelor Science 1949.

Q Have you been practicing your profession since that time?

A Yes, sir.

Q Have you been employed by the Great Western Drilling Company substantially all the time since you graduated --

A Yes.

Q -- and acting as Petroleum Engineer?

A Yes.

Q Are you familiar with the oil and gas development in West Texas and New Mexico?

A Yes.

Q And in the area in which the lands covered by this application are situated?

A That's right.

Q Are you familiar with the application which has been filed by the Great Western Drilling Company in this case?

A Yes, I am.

Q State to the Commission, briefly, the purpose of the application.

A The purpose of the application is to establish proration and drilling unit consisting of Lot 1 and the East 13.66 acres of the NE/4 of the NW/4 of Section 8, Township 18 South, Range 39 East, Lea County, New Mexico.

Q How many acres does Lot 1 cover?

A 26.34 acres.

Q Is the proposed proration unit shown by the plat which was filed with the application in this case?

A The plat filed shows the lease that is covered, the 26.34 acres is shown, there is no line showing the 13.66 acres.

Q Would you refer to the plat which was filed with the application in this case and state to the Commission what the information that it does show is?

A The plat shows the general area, and also shows, colored in red, the lease that is concerned, that is, the NE/4 of the NW/4 and Lot 1, Section 8, Township 18 South, Range 39 East; the proposed unit, of course, covers Lot 1 and the 13.66 acres just west of Lot 1.

Q Does it also show the location of the proposed well, or the well which is being drilled on the Unit?

A Yes, sir, it does.

Q Does it also show the other wells which have been drilled in the immediate area?

A It does. There is one other well drilling in the section to the west, that is Section 7, I believe that is not shown on the Commission's plat.

Q Now, Lot 1 of Section 8, Township 18 South, Range 39 East, where is that located with reference to the New Mexico-Texas line?

A The east line of Lot 1 coincides with the Texas-New Mexico state line.

Q Is Lot 1 a part of the same lease as is the other acreage in the north half of the north half of Section 8?

A Yes, sir, it is.

Q Is all of the proposed acreage included in the same lease?

A All of the proposed acreage is under the same lease.

Q In other words, how many acres did you say that Lot 1 contained?

A Lot 1 contains 26.34 acres.

Q And what you are proposing to do by this application is to add 13.66 acres out of the 40-acre legal subdivision to the west to make up a total of 40 acres which would be a standard proration Unit, is that right?

A Yes, sir, that is correct.

Q Have you previously made application to the Conservation Commission for permission to commence a well on Lot 1, which when drilled, and if this application is approved, would be the Unit well?

A Yes, sir, that application has been made.

Q And has it been approved, or tentatively approved by the Commission?

A Yes, sir, the Commission has approved that location.

Q What is the location as shown by the records of the Conservation Commission?

A The location would be 330 from the east line and 660 from the north line of Section 8.

Q The north line would be the lease line and the east line

would be the state line --

A Yes, sir.

Q -- in this case?

A Yes, sir.

Q Now, what is the present status of the drilling of that well?

A That well is drilling at approximately 5,000 feet at this time.

Q And what is the objective in connection with the drilling of the well?

A The objective of the well will be the San Andres formation.

Q Is the royalty ownership the same under Lot 1 and the 13.66 acres which is proposed to be added to the west?

A Yes, sir, the royalty interest is the same.

Q In other words, you have a uniform working and royalty interest, and it is all, all of the acreage involved is involved in the same lease?

A Yes, sir.

Q You have no problem of obtaining the consent of the royalty owners?

A That's correct, sir.

MR. HINKLE: I believe that is all.

MR. MANKIN: Mr. Wilson, before we continue further, your application indicates that this well and this Unit was to be in Township 13 South, whereas your plat attached thereto was 18 South. Would you like to correct the record, or Mr. Hinkle, would you like the record to show that this is 18 South rather than 13 South, would you like to amend the application?

MR. HINKLE: Yes, I would like to amend the application to conform with the plat, Township 18 South, Range 39 East.

MR. MANKIN: Is there any objection to this correction? If not, it will be so entered. Therefore, the advertisement, the docket and the plat, which all reflected Township 18 South will now conform with the body of the application which previously showed 13 South. Mr. Wilson, what is the name of this well?

A The well is called the Sylvester Johnson No. 1.

BY MR. MANKIN:

Q How do you spell that?

A S-Y-L-V-E-S-T-E-R. J-O-H-N-S-O-N.

Q No. 1?

A Yes, sir.

Q Is this a patented lease?

A This is fee land.

Q This is fee land. Again, what did you say you expected to get production at what depth in this particular well?

A Five thousand to approximately fifty-one hundred.

Q You are presently approaching pay section, then?

A Yes, sir.

Q You indicated there was another well drilling west of this, where is this well drilling?

A That is in Section 7; I believe that would be the northeast of the northeast of Section 7.

Q That particular well would offset your lease?

A That's correct.

Q It has not as yet reached the pay, has it?

A To my knowledge, yesterday it had not. They had cored in to some of the pay section, but their evaluation of the well is not known to me.

Q This particular well you indicated would be drilled 330 from the east line 660 from the north line which would place it in Lot 1, is that correct? A That is correct.

Q Does your lease consist of Lot 1, 2, 3 and 4, or what is the designation?

A The Sylvester Johnson lease consist of the NW/4 and NE/4 of the NW/4 and Lot 1, making a total of 106.34 acres.

Q So the lot subdivisions would run along the Texas line rather than along your lease?

A Yes, sir, that's correct. That is an unusual situation created by the state line there.

Q If this Unit is granted of 40 acres, it would leave, then, a balance of 66.34 acres, is that correct? A That's correct.

Q Do you have at this time any proposal of how you would develop that?

A I would propose to have a 40-acre Unit, the standard Unit on the west end of the lease there, the 26.34 would be the smaller Unit. In other words, we would have a Unit of 26.34 acres. Do I make myself clear?

Q You would propose that you would drill a well on that 26 acres?

A Unless that were communitized with some other acreage.

Q . . . . . I realize it's not a subject of this hearing, I just wanted to bring that particular point out as to your development of the future. The reason for requesting this non-standard Unit is primarily because the well offsetting this in Texas, is that correct?

A That's correct.

Q In order that there might be standard 40-acre Units set up for this well, is that the reason?

A Yes. Of course, the reason is to protect the correlative rights.

Q That particular well in Texas is presently under a discovery allowable in Texas, is it not?

A That's correct.

Q Are there any other wells in this South Carter-San Andres Pool at the present time?

A There is one well, it will be in the lot just south of the Sylvester Johnson No. 1, that is the McQueen No. 1, it was a discovery well in the South Carter-San Andres. Of course, you were speaking of New Mexico, and Texas, New Mexico. In Texas there are two wells producing from the same horizon.

Q That discovery well in this Pool is presently a marginal well, is that correct?

A That's correct, approximately 6 or 8 barrels a day.

Q You anticipate completing your well in another zone from this discovery well?

A The geological situation there is not well known at this time. Apparently there are several, shall we say, stringers in

the producing formation. We, of course, will evaluate each one of those and make the commercial producer in the first zone that is encountered.

MR. MANKIN: Are there other questions of the witness?

MR. KELLAHIN: Before I ask any questions, if the Commission please, I would like to look at that plat. I'm not quite familiar with the situation.

I'm Jason Kellahin, representing John and Cindy Burton who have an interest in the area immediately to the north of this.

Did I get your name correctly, Wilson?

A Yes, sir.

CROSS EXAMINATION

BY MR. KELLAHIN:

Q Mr. Wilson, could you tell me, I am a little confused on your lease ownership. I understood you to say the NW/4 and northeast of the northwest, could you tell me what the lease ownership is on that again?

A Pardon me, now.

Q The Sylvester Johnsons?

A The working interest ownership?

Q Yes, sir.

MR. HINKLE: Lease, what area does the lease cover, the Sylvester Johnson lease cover?

A It covers the NW/4 of the NW/4 and the NE/4 of the NW/4 and Lot 1.

Q What is the ownership on Lot 2?

A Lot 2?

Q Yes, sir, whose well is that?

A That is now Great Western Drilling Company's well.

Q That is now Great Western Drilling Company's well. Did you, Mr. Wilson, consider pooling or seeking an order for a non-standard Unit consisting of Lots 1 and 2?

A At the time of this application, Great Western did not own that well.

Q They did not own that well?

A Yes, sir, that's correct.

Q And did I understand you to say you proposed then to make a non-standard unit consisting of some 26.34 acres out of the remainder of the land of the northeast of the northwest?

A No, sir, 13.66 acres. 26.34 acres is Lot 1, plus 13.66 acres.

Q You are taking 13.66 out of the northeast of the northwest?

A That's correct.

Q And that would leave you, then, 26.34 acres, would it not?

A That's correct.

Q And my question was, do you then propose to make a non-standard Unit out of that remaining acreage?

A Out of the remaining 26.34 acres and the northeast of the northwest?

Q Yes, sir.

A I would say no definite plans have been made for that particular acreage.

MR. KELLAHIN: That is all the questions I have. Thank you, sir.

MR. HINKLE: One other question, Mr. Wilson. As to the arrangements for the further development of this lease, would it or would it not depend upon the character of production you obtain in this Lot 1 well?

A Yes, sir.

MR. HINKLE: So you can't very well make plans for the further development of this particular lease at this time?

A That's correct, before the area is developed.

MR. FISHER: Mr. Wilson, did you say that the Great Western owns that pumping well just to the south of your location?

A There are negotiations in progress whereby we will acquire that, and the Commission, of course, will be notified when those negotiations are final.

MR. FISHER: Thank you.

MR. MANKIN: Are there other questions of the witness? If not, the witness will be excused.

(Witness excused.)

MR. MANKIN: Mr. Hinkle, did you desire that this Exhibit which was attached to the application be a part of the record but not as a separate Exhibit?

MR. HINKLE: I expect we better have it identified and introduce it as a separate Exhibit.

(Exhibit 1 marked for identification.)

MR. HINKLE: I would like to have the record show that the

testimony of Mr. Wilson, his testimony is the same as identified to Exhibit No. 1.

MR. MANKIN: Is there any objections to receipt of Exhibit No. 1? If not, the Exhibit will be received in evidence.

(Exhibit No. 1. received in evidence.)

MR. MANKIN: Any statement to be made in --

MR. KELLAHIN: If the Commission please, we are not opposed to the granting of this application as it is. We would like, however, to point out that a situation such as this could well set off a chain reaction which with further development to the west would cause the Commission considerable difficulty, having interest to the section immediately north of this, we are concerned as to any pattern which might be set up, and that is the basis for our objection. We do not want to see this proposed Unit set as a pattern for the Pool on those lines, and in the past the Commission generally dealt with that by allowing the pooling of the lots and we respectively suggest that that not be overruled in any further cases.

MR. HINKLE: If the Commission please, there is an element that was involved in this particular case which should be brought out, that is the necessity for the commencement of this well, the lease was about to expire, and this situation developed that they had this offset well in Texas, that they had to meet the offset, and they had to get to the Commission in a hurry in order to go ahead and drill the well, and they approached the Conservation Commission

and did get approval of the idea of commencing this well in order to meet the offset which was in Texas. And the only way it could be worked out at the time was in connection with the same basic lease because of the lease owners and royalty owners which were involved, so that the reason why it was handled in the way it was handled.

MR. MANKIN: Any further statements? If there is nothing further, the witness may be excused.

(Witness excused.)

MR. MANKIN: 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, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand and seal, this, the 14 day of March 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Thurman J. Moody*  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
April 3, 1960.

*Wanner-Mautkin*  
*February 27.*  
*1214*  
*57*