

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1448

May 28, 1958

DEARNLEY - MEIER & ASSOCIATES
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ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 28, 1958

IN THE MATTER OF: :

CASE NO. 1448: Application of Ambassador Oil Cor- :
 poration for approval of a unit :
 agreement. Applicant, in the above- :
 styled cause, seeks an order approv- :
 ing its North Caprock Queen Unit No.:
 2 embracing 1808 acres, more or less: :
 of State of New Mexico lands located: :
 in Township 13 South, Ranges 31 and :
 32 East, in Chavez and Lea Counties,:
 New Mexico. :

BEFORE:

Elvin A. Utz, 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. UTZ: Next case on the docket will be Case 1448.

MR. PAYNE: Application of Ambassador Oil Corporation for approval of a unit agreement.

MR. JENNINGS: I am James T. Jennings from Roswell, appearing on behalf of the applicant, Ambassador Oil Corporation, and I have one witness and two Exhibits.

(Witness sworn)

H. L. McCracken,

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name, address and occupation?

A H. L. McCracken, chief engineer of secondary recovery operations for Ambassador Oil Corporation.

Q How long have you been so employed, Mr. McCracken?

A Two years.

Q Have you heretofore testified before this Commission?

A Yes, sir.

Q And you have qualified, and your expert testimony has been accepted?

A Yes, sir.

MR. UTZ: The witness is qualified.

Q Mr. McCracken, are you familiar with the terms and provisions of the Caprock Queen Unit No. 2?

A Yes, sir.

Q Who is the unit operator? A Ambassador.

Q I hand you here what has been marked as Exhibit A and ask you to tell us what that is, please.

A That is a plat on which the boundaries of the unit have been outlined. Also the tracts -- various tracts which have been committed to the unit are shown numbered.

Q Where is it?

A It is in the Caprock Queen Pool in Lea and Chaves Counties, New Mexico.

Q What formation?

A The Queen sand.

Q How many various tracts are there in that unit?

A Twenty-six.

Q And how many acres does it cover?

A 1808, approximately.

Q Do you know what kind of land it is?

A It is all State land.

Q How many wells are on that unit?

A Forty-five.

Q I hand you here Exhibit B and ask you what that is.

A That's a plat on which the unit area has been outlined in green. Also shown are the current pilot injection wells colored in red. The future injection wells on the unit are shown colored in yellow. Full expansion will be on an 80-acre five spot basis.

Q When did you commence your pilot flood?

A November 1st, 1957.

Q Pursuant to an order of this Commission?

A Yes, sir.

Q What results have you obtained to date?

A At the time of initiation of injection, the unit area was producing approximately 135 barrels of oil per day, and it is now producing around 700 barrels a day.

Q Has production increased uniformly, or is there a variance between the wells?

A There is a variation.

Q Which wells are now producing the most oil?

A Ambassador State "A" No. 1, Gulf's Chaves State "A" No. 1, Ambassador State "L" No. 1, and Graridge Corporation Malco State "F" No. 3 have all responded to injection.

Q Do you know how much they are each producing?

A I don't have a recent test on all the wells there, no, sir.

Q Roughly?

A State -- Ambassador State "H" No. 1 is producing approximately 380 barrels a day. Ambassador State "L" No. 1 is producing approximately 115 barrels a day. The latest information that we have on the Gulf's Chaves State "A" No. 1 is that it is making in the order of 90 barrels a day, and the Graridge Corporation Malco State "F" No. 3 is making essentially the same, I think.

Q How is the production allocated under the provisions of the unit?

A The participation formula is based 75 percent on cumulative production, and $12\frac{1}{2}$ percent on well, and $12\frac{1}{2}$ percent on acreage.

Q Is this unit agreement substantially in the form heretofore approved by the Commissioner of Public Lands and the Oil Conservation Commission?

A Yes, sir.

Q Referring to Exhibit A, do you know if the lands just east of the Caprock Queen No. 2 unit is in the unit area?

A The Graridge unit joins the Ambassador unit on the east.

Q Are there other units in the area, do you know?

A There are none formed at the present time other than these two.

Q Do you know if the present unit agreement has been approved by the Commissioner of Public Lands?

A Yes, sir, it has.

Q Under that agreement, Mr. McGracken, will the State of New Mexico get its fair share of recoverable oil?

A Yes, sir.

Q When will the unit agreement become effective?

A June 1st, 1958.

Q What percentage of the working interest owners have executed the unit?

A One hundred percent.

Q What percentage of the working interest owners have executed the unit operating?

A One hundred percent.

Q What percentage of the royalty owners have approved the unit agreement?

A One hundred percent.

Q In your opinion, can the secondary recovery operation be more efficiently and economically carried on under the provisions of this unit agreement?

A Yes, sir.

Q In your opinion, will the unit agreement be in the interest of conservation, prevent waste and protect correlative rights of

all the parties?

A Yes, sir.

Q How many injection wells do you propose?

A Eventually there will be twenty-three injection wells on the unit.

Q And twenty-two participating wells?

A Producing wells, yes, sir.

Q Producing wells.

MR. JENNINGS: That's all the questions.

MR. UTZ: Are there any questions of the witness? Our file seems to be void of any unit agreement copies. Do you have any of those?

MR. JENNINGS: Yes, sir. At this time I would like the record to show that we are presenting an executed copy of the unit agreement to which there is affixed an approval of the State Land Commissioner, and I would like to request that our Exhibits A and B be introduced in evidence.

MR. UTZ: If there are no questions of the witness, he may be excused.

(Witness excused)

MR. UTZ: Are there any other statements in this case?

MR. KASTLER: Bill Kastler, representing Gulf Oil Corporation. Gulf being a participating party in this unit agreement, concurs with the application of Ambassador in this case and urges approval.

MR. UTZ: Any other statements?

MR. ELLIOTT: R. L. Elliott, appearing counsel for Gra-
ridge Corporation, concurs with the application of Ambassador and
requests that the application be granted.

MR. UTZ: Any other questions? Do you offer Exhibits A
and B?

MR. JENNINGS: I offer them.

MR. UTZ: Any objection to the acceptance of Exhibits A
and B in this case? If not, they will be received. The case will
be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

J. J. A. TRUJILLO, 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 16th day of June, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
Notary Public

My Commission Expires:
October 5, 1960.

I do hereby certify that the foregoing is a stenotype report of the proceedings in the Oil Conservation Commission of Case No. 1948, heard by me on May 28, 1958.
Ernie R. [Signature], Examiner
New Mexico Oil Conservation Commission