

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1506

TRANSCRIPT OF HEARING

SEPTEMBER 10, 1958

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
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BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF:

CASE 1506 Application of Gulf Oil Corporation for the :
creation of two non-standard gas proration :
units in the Tubb Gas Pool and two non-stand- :
ard gas proration units in the Blinebry Gas :
Pool. Applicant, in the above-styled cause, :
seeks an order authorizing the creation of a :
160-acre non-standard gas proration unit in :
both the Blinebry Gas Pool and in the Tubb :
Gas Pool, each to comprise the NE/4 SW/4, and :
W/2 SE/4 of Section 28 and the NW/4 NE/4 of :
Section 33, and to be dedicated to appli- :
cant's J. N. Carson "A" Well No. 4, located :
554 feet from the South line and 2086 feet :
from the East line of said Section 28 and J. :
N. Carson "A" Well No. 6, located 2086 feet :
from the South and East lines of said Sec- :
tion 28 respectively. Applicant further :
seeks an order authorizing the creation of a :
120-acre non-standard gas proration unit in :
both the Blinebry Gas Pool and in the Tubb :
Gas Pool, each to comprise the E/2 SE/4 of :
Section 28 and the NE/4 NE/4 of Section 33, :
and to be dedicated to applicant's J.N.Car- :
son "C" Well No. 6, located 330 feet from :
the South line and 965 feet from the East :
line of said Section 28 and J. N.Carson "C" :
Well No. 3, located 640 feet from the South :
line and 660 feet from the East line of said :
Section 28 respectively, all of the above :
being in Township 21 South, Range 37 East, :
Lea County, New Mexico :
:
:

BEFORE:

Mr. Daniel S. Nutter, Examiner.

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

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MR. PAYNE: Application of Gulf Oil Corporation for the creation of two non-standard gas proration units in the Tubb Gas Pool and two non-standard gas proration units in the Blinebry Gas Pool.

MR. KASTLER: I am Bill Kastler of Roswell, New Mexico, appearing on behalf of Gulf Oil Corporation. Our witness in this case is Mr. John H. Hoover.

JOHN H. HOOVER,

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

DIRECT EXAMINATION

BY MR. KASTLER:

Q Are you the same John H. Hoover who was sworn and testified in the previous Cases 1504 and 1505, consolidated?

A Yes, I am.

Q Have you previously testified before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q And will you please state for the record your name and position with Gulf Oil Corporation?

A John Hoover, production engineer, Roswell, New Mexico.

Q Are you familiar, as production engineer in Roswell, New Mexico, with Gulf's application in Case No. 1506?

A Yes.

Q Before having you explain what is involved, I would like

4
to ask you if you have prepared for introduction into evidence in this case three Exhibits, which have been labeled -- four Exhibits which have been labeled Gulf Oil Corporation's Exhibits Nos. 1, 2, 3 and 4 in Case No. 1506? Have you prepared such Exhibits?

A Yes, I have.

Q Referring to such Exhibits, first Exhibit No. 1 -- referring first to all four Exhibits, would you admit or state that they are location plats that show proposed new unit areas?

A Yes, they are the units in which we are requesting approval today.

Q And those units in each case -- there are four of them --

A Yes.

Q -- are outlined or shaded in yellow, is that correct?

A Yes, they are.

Q Now, using Exhibits Nos. 1, 2, 3 and 4, will you please outline what is involved, what Gulf is seeking and what the purposes of this hearing are?

A Yes. In referring to Exhibit 1, merely for location of the gas units that are assigned now, we are asking for cancellation of an administrative order of December 1st, '54, assigning 160 acres to the J. N. Carson "A" Well No. 4; which is located 554 feet from the South line and 2086 feet from the East line.

Q What was the description of the 160 acres assigned to that?

A This 160-acre Blinbry standard gas proration unit con-

5

cerned the SE/4 of Section 28, and by administrative order of 1954, assigned 160 acres to the J. N. Carson "C" Well No. 3, which is located 660 feet from the East line and 640 feet from the South line of Section 28. This 160-acre standard Tubb gas proration unit also covered the SE/4 of Section 28. The portion of the Carson "A" lease, which is located in the NW/4 of the NE/4 of Section 33, and the portion of the Carson "C" lease located in the NE/4 NE/4 of Section 33, are not protected from Tubb or Blinebry gas production. this acreage -- because this acreage is located within the residential section of the City of Eunice. Therefore, development on this acreage is not practical. Also the portion of the Carson "A" lease located in the NE/4 of the SW/4 of Section 28 is not protected, and development on this 40 acres alone is not economically justified. In order to protect all of these leases, we have dually completed the J. N. Carson "A" Well No. 6, located 2086 feet from the South line and from the East line of Section 28, in the Tubb gas and in the Drinkard oil. On test, the Tubb gas flowed at 2056 MCF with 13,000 pounds back pressure. We also have dually completed the J. N. Carson "C" No. 6, located 965 feet from the East line and 330 feet from the South line of this Section 28. It has been completed as a Blinebry gas well after abandoning the Branson formation. On test, this well flowed 4540 MCF with 1100 pounds back pressure. We are requesting that the present 160-acre Tubb and Blinebry units, located in the SE/4 of Section 28 be canceled, and the following units be assigned: Exhibit 1 in Case 1506 shows the unit that we

would like assigned to the Blinebry gas. It is 160 acres and described as the NE/4, SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33. This area is shaded in yellow, and the Well No. 4, which is our Blinebry Well, will be the unit well. Exhibit --

Q Is that well outlined by a red circle on Exhibit No. 1?

A It is circled in red.

Q Mr. Hoover, just a question here at this point. Is this proposed unit entirely on the lease which is known as the J. N. Carson "A" lease?

A Yes, sir, it is.

Q Continue.

A Exhibit 2 is the acreage that we are requesting to be assigned to the 160-acre Tubb unit being described as the NW/4 of the SW/4 and the W/2 of the SE/4 of Section 28, and the NW/4 of the NE/4 of Section 33.

Q To correct the record, you said the NW/4 of the SW/4 of 28. Didn't you mean NE/4?

A NE/4 of the SW/4. This area is shaded in yellow, and our Well No. 6, Carson "A" No. 6, is circled in red.

Exhibit No. 3 shows the acreage that we are asking to be assigned to 120-acre Tubb unit, being described as the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33. This acreage is shaded in yellow. The unit well is our J. N. Carson "C" No. 3, which is circled in red.

Q That's the same J. N. Carson "C" Well No. 3, which is the unit well in one of the standard units for the -- A That's correct.

Q -- Tubb Gas Pool?

A That's correct.

Q Right. And does this acreage consist entirely of Gulf's J. N. Carson "C" lease?

A Yes, it does.

Q Thank you.

A Exhibit 4 shows the acreage that we are requesting in the Blinebry gas, being 120 acres and described as the E/2 of the SE/4 of Section 28, and the NE/4 of the NE/4 of Section 33. This acreage is shaded in yellow, and our J. N. Carson "C" Well No. 6, which will be the unit well, is circled in red.

Q Do you have more to add to that?

A These units are completely surrounded in all directions by Tubb and Blinebry gas proration units. Therefore, the acreage that we are requesting to be added can be reasonably presumed to be gas productive.

Q Is Gulf Oil Corporation the owner and operator of all producing rights below 4000 feet on the 160-acre J. N. Carson "A" lease?

A Yes.

Q And is Gulf Oil Corporation the owner and operator of all producing rights on the J. N. Carson "C" lease, which you have testified to?

A Yes, sir, they are.

Q Is there acreage on each of these leases which is presently being drained in each of these pools, the top of the Blinebry?

A Yes.

Q And if these four proposed units are granted, then, they will each be able to produce the gas allocated to those acres?

A They will.

Q And unless this -- the cancellation of existing gas production units and the creation of additional units is authorized as requested in this application, will Gulf Oil Corporation be deprived of a fair opportunity to recover its just and equitable share of the gas and liquid hydrocarbon in the Blinebry and Tubb gas pools?

A Yes, sir.

Q Will the granting of the relief sought by this application protect correlative rights?

A Yes, it will.

Q Will it prevent waste?

A No, it will not prevent waste -- it will prevent waste. It will prevent waste.

Q Have all operators within 1500 feet of the proposed unit well been notified?

A Yes, they have.

MR. KASTLER: These are the only questions I have, Mr. Nutter, and I would like to move at this time that Exhibits No. 1, 2, 3 and 4 be admitted into evidence in this case.

MR. NUTTER: Without objection, Gulf Oil Corporation's Exhibits 1 through 4 will be admitted in evidence in Case 1506.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Hoover, what is the present status of your J. N. Carson "A" No. 4? I believe that's the Blinebry Well at the present time. What is the present status?

A It is carried as non-marginal well.

Q It is carried as non-marginal well?

A Yes, sir. It is producing its allowable.

Q Is it underproduced, overproduced or --

A I believe it is slightly underproduced now.

Q What about the status -- you don't know the exact status of it, though?

A No, sir, I don't.

Q What about the status of the J. N. Carson "C" Well No. 3, which, I believe, is a Tubb well at the present time?

A Yes, that is a Tubb well. I don't have the status on that, but I believe it is also slightly underproduced. We have gone through a period of low allowables and low takes. I believe that I am correct in saying that they are slightly underproduced at this time.

Q Is the ownership in the J. N. Carson "A" lease and the J. N. Carson "C" lease common throughout?

A They are common on each lease.

Q The two leases are not common, however?

A No, sir, they are not common between the two of them.

Q What is your recommendation in the manner in which the underproduction, which has accrued to the two wells, be handled?

A I think we would have to use the date of approval, if they are approved, for cancellation of the underproduction and start from scratch. And in the meantime, I think we can get Permian to possibly produce those wells and maybe get them in a balanced condition.

Q In a balanced condition?

A Yes, sir. I believe we can do that.

Q That would pose a problem, though?

A Yes, sir.

Q You agree that you've got an underproduction status on the well, and the ownership on the two leases is not common. You actually would be taking underproduction which belongs to the entire SE/4 of Section 28?

A Yes, sir. Our idea would be to try to bring them in balance, which we will attempt to do.

MR. NUTTER: Off the record.

(Discussion off the record)

Q (By Mr. Nutter) Mr. Hoover, as your discussion indicated, there is a possibility that some inequalities might occur in the cancellation or redistribution of this allowable, with the cancellation of the two presently existing units and the creation of

the four new ones. Will you provide us with a letter advising us as to your -- the outcome of your conversation with the purchaser, Permian Pipeline Company --

A Yes, sir.

Q -- and the outlook as far as getting the wells in balance, so that the units could be in balance at the time they were cancelled?

MR. KASTLER: Do you wish also to be advised how far out of balance they are at this time?

A Yes, sir.

MR. NUTTER: Well, that is probably a matter of record here in the Commission's office.

MR. KASTLER: All right.

Q (By Mr. Nutter) Mr. Hoover, would you outline to me the location of the various Blinebry units that are in existence in this area?

A The Blinebry?

Q Yes, sir.

A Offsetting in the SW/4 of Section 28, Magnolia has a 120-acre Blinebry unit, which would be Well No. 19. There is a well in the NW/4 of Section 28, which is our Gulf Eunice King. We have a 160-acre unit on our Well No. 5, located in the SE of the NW. Right here. In the NE/4 of Section 28, a 160-acre unit, our Eunice King lease. Well No. 9 is the unit well being in the NW/4 of Section 27, and has a 160-acre unit; Continental Lockhart, with their

Well No. 7 being in the NW of the NW. In the SW/4 of Section 27, Ohio Marshall "B" has a 160-acre unit with their Well No. 4 located in the NW of the SW, in the NW/4 of Section 34.

Q That's a standard unit?

A That's a standard unit with Magnolia's Marshall No. 3. Coming on down -- moving over to the NE -- no, get the Blinebry to the SW/4 of Section 34, which would be the one right on down; Pan American's Owen Well No. 4, in the SE of Section 33; it would be a standard unit. Magnolia Corrigan Well No. 7, which is located right here. In the NW/4 of 33 is a standard unit, Magnolia Carson, their Well No. 8, which is --

Q How about down here in the SW of 33, is there a unit there?

A Yes, sir, there is. It's a 160-acre. There is a unit there, but I don't know which well they have dedicated or if it is dedicated for both Tubb and Blinebry.

Q How about the S/2 of the NE/4 of Section 33, --

A That is not covered.

Q -- who is the lease hold owner of that?

A That is Magnolia.

Q Is there a Blinebry well in that acreage?

A No, sir, not that I know of. That's all within the residential area.

Q Now, turning to the Tubb formation.

A There is a 120-acre unit, the Magnolia Carson, which

covers the NW/4 in the S/2 of that SW/4 with their Well No. 19. All right, sir, the Tubb unit, we will go right around; Gulf's Eunice King the NW/4 of Section 28, with our Well 22 as a Tubb unit in the NE of the NW; our Eunice King to the NE/4 of Section 28, --

Q Standard unit?

A Standard unit, yes, sir. Well No. 13 in the NW of Section 27, standard unit, Continental Lockhart, their No. 1, which is right above there. In the SW of Section 27, Ohio Marshall "B", their Well No. -- standard unit, Well No. 2, which is in the SW of the SW. In the NW/4 of Section 34, there is no Tubb unit there, but there is a Tubb unit over in the NE of Section 34, standard unit, with Well No. 2. That's Humble's Hardison Well No. 2, which is in the NE of the NE, and is a Tubb well. Now, that is also a Blinebry. I didn't bring it in here because we had a Blinebry offset in there. Their Blinebry is No. 4. In the SW of Section 34, Pan American's Owen "B", their Well No. 2, which is in the NW of the SW.

Q Do they also have their No. 4 completed in the Terry, or in the Tubb, or is that a Terry Blinebry?

A No. 4 is a Blinebry well.

Q That's indicated as a dual completion on your Exhibit here?

A I imagine that's probably a Drinkard. That's our designation for Drinkard and Tubb. Let's see, we are on Pan American's

in the SW of Section 34, their Well No. 2. All right, in the SE of Section 33, Magnolia's Corrigan, their Well No. 7, which is in the SE of the SE, that's a gas-gas dual. In the NW of Section 33, Magnolia Carson, their Well No. 8 in the SE of the NW.

Q Standard unit?

A Standard, yes, sir.

Q How about in the SW of 28?

A Yes, sir, Magnolia Carson has a 120-acre unit with their Well No. 19 also.

Q How about the S/2 of the NE of 33?

A No, sir.

Q Does Magnolia own the interest in the Tubb formation in that area also?

A I believe they do, yes, sir.

Q Has any effort been made by Gulf or by Magnolia to communitize this acreage?

A No, sir. All of that acreage is within the residential section of the City of Eunice. There are houses right up to the wells.

MR. NUTTER: I believe that's all I have. Does anyone have any questions?

MR. UTZ: I have a few questions.

MR. NUTTER: You may proceed.

QUESTIONS BY MR. UTZ:

Q I would like to clarify this a little bit. On your Ex-

hibit No. 1, Mr. Hoover, that is a 160-acre Blinebry unit, the Carson "A" No. 4, is it?

A Yes, sir.

Q Is that a single or dually completed well?

A That is a dually completed -- it is Blinebry Drinkard.

Q The previous unit was the SE/4 of 28?

A Yes, sir.

Q And Exhibit No. 2, that is a Tubb unit Drinkard dual in the Carson "A" No. 6?

A Yes.

Q And that is also a standard unit for the SE/4, is that right?

A Just part of that.

Q In other words, that No. 6 was not the producing well? You have not had that acreage dedicated to the Tubb pool?

A Yes, sir, the E/2 -- the W/2 of the SE/4.

Q Just the W/2 is an 80-acre unit?

A Yes, sir. That was dedicated previously to the Tubb.

Q On Exhibit No. 3, that is a new Tubb well?

A No, sir. That's the Tubb well that produced on existing 160-acre unit.

Q How can that be?

A We had Well No. 4 in the Blinebry producing 160 being -- which is the SE/4, and Well No. 3 in the Tubb producing on that 160.

MR. KASTLER: You mean "C" No. 3 and "A" No. 4?

A Yes.

Q (By Mr. Utz) Well, on Exhibit No. 2, the old unit was the W/2 of the SE/4?

A The old unit was the SE/4, 160-acre unit.

Q Is this a Tubb unit?

A Tubb and Blinebry. Well No. 4, Carson "A" No. 4 was a Blinebry well producing that SE acreage.

Q I am still questioning your No. 6 on Exhibit No. 2.

A That well has been dually completed as a Tubb well, but it is not connected. It will be -- it will be the Tubb well for this proposed 160.

Q Did you not have an old Tubb unit there then?

A All the SE/4 of 28 was covered as a Blinebry and Tubb unit.

MR. KASTLER: Where is your Tubb well?

A The Carson "C" 3 is a Tubb well.

MR. NUTTER: And Carson "A" 4 as the Blinebry well?

A Yes, sir.

MR. NUTTER: Any further questions of the witness?

MR. UTZ: I am not quite through with this allowable thing. Is it your feeling, then, that all of these wells now have underage?

A I believe they do. How much, I don't have that with me.

Q I understand that you are suggesting that we cancel that underage?

A No, sir. We were going to see, first, if we can get it in balance.

Q In balance?

A Yes, sir, with not too much time delay.

Q This is a bit of a problem that we haven't run up against before. I can see certain complications and inequalities in trying to change the acreage and include new acreage, bringing forward the next status from one well to another well.

MR. NUTTER: Let's go off the record and discuss it for a little while.

(Discussion off the record)

MR. NUTTER: Back on the record. You will provide us, then, with a letter, will you not, Mr. Hoover, explaining what the status of the well is and the manner in which you recommend that it should be handled?

A Yes, sir.

MR. NUTTER: Does anyone have anything further of Mr. Hoover? If not, he may be excused.

(Witness excused)

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1506? We will take the case under advisement and adjourn the hearing.

