

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1622

TRANSCRIPT OF HEARING

MARCH 25, 1959

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case 1622 Application of Gulf Oil Corporation for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and the Blinebry Gas Pool, each to comprise the SE/4 NW/4, NW/4, SE/4, and the N/2 SW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, and to be dedicated to applicant's Scarborough Estate Well No. 4 located 1980 feet from the North and West lines of said Section 31, which well is dually completed in the aforementioned pools.

Mabry Hall
Santa Fe, New Mexico
March 25, 1959

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. The next case on the docket will be 1622.

MR. PAYNE: Case 1622, "Application of Gulf Oil Corporation for two non-standard gas proration units."

MR. KASTLER: My name is Bill Kastler and I am from Roswell, New Mexico, appearing on behalf of Gulf Oil Corporation. Our two witnesses in this case are Mr. John Hoover and Mr. Gerald J. Savage.

(Witnesses sworn in.)

MR. KASTLER: Mr. Hoover, will you please take the stand?

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JOHN HOOVER

a witness, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name and the position you hold with Gulf Oil Corporation?

A My name is John Hoover, Petroleum Engineer with Gulf, Roswell, New Mexico.

Q Have you previously appeared and testified as an expert witness before the New Mexico Oil Conservation Commission?

A Yes, I have.

Q Are you familiar with Gulf's application in Case Number 1622?

A Yes, I am.

Q Would you please outline the proposed purposes of this case?

A We are asking for approval of non-standard 160-acre Blinebry and Tubb gas proration units covering a portion of our Scarborough Estate Lease in Section 31, Township 22 South, Range 38 East, Lea County, New Mexico.

Q Have you caused a location plat to be prepared that shows the outline and certain aspects of this case pertaining to the proposed Blinebry unit?

A Yes, I have.

(Thereupon, the document above referred to was marked as Gulf's Exhibit No. 1 for identification.)

Q (By Mr. Kastler) Is this least plat labeled in Case Number 1622, Exhibit Number One?

A Yes, it is.

Q Referring now to Exhibit Number One, will you please describe the property and indicate how it is delineated on this map?

A That lease plat shows the outline of our Scarborough Estate Lease and that is outlined by the red hash marks; it shows the proposed 160-acre Blinebry gas proration unit as outlined in yellow; and the unit well, being our Scarborough Estate Well Number 4, which is located 1980 feet from the west and north lines of this Section 31, this well is outlined, circled in red. This plat also shows the present offsetting Blinebry gas proration units, either directly offsetting or offsetting this Section 31. There are other gas units, but I have only listed the ones offsetting the section in the unit.

Q If this proposed unit should be approved, would it then complete the development of the Blinebry gas pool relative to Gulf's acreage in this section?

A Yes, it would.

Q Will you describe the area which is proposed to be dedicated to this unit?

A The Scarborough Estate Well Number 4 was completed as a gas gas dual in the Blinebry and Tubb gas pools on January 15, 1959. The well has five and a half inch casing and this was perforated with an FI gun between the interval of 5395 to 5506 in the Blinebry pool, and on tests, the well produced at a maximum rate of 3,400,000 cubic feet with 1,000 pounds back pressure; for the estimated open flow, 4,700,000 cubic feet.

Q Have you also caused to be prepared a location plat which shows the outline and other aspects of the case relative to the proposed Tubb unit?

A Yes, I have.

(Thereupon, the document was marked as Gulf's Exhibit No. 2 for identification.)

Q (By Mr. Kastler) Have you caused this to be labeled Exhibit Number Two?

A Yes; this shows the same information as the Blinebry plat shows, the Scarborough Estate Lease outlined in hash marks, the proposed 160-acre non-standard, the Tubb unit that we are asking for being outlined in yellow, the wells circled in red, and on this plat, the offsetting Tubb gas units are outlined in green.

Q Will this proposed unit complete the development of the Tubb gas pool relative to Gulf's acreage in this section?

A Yes, it will.

Q Does this well make any fluid?

A It makes a small amount.

Q Liquid?

A Liquid hydrocarbons.

Q Have you been able to measure that amount?

A No, the well is still recovering load, it has not been connected to a pipeline company; however, the pipeline company is in the process now of connecting the well.

Q Will you describe the perforations and the other historical data relative to the Tubb gas zone?

A The five and a half inch casing was perforated between the interval 5940 to 6204 feet in the Tubb gas pool. On tests, the Tubb zone produced at a maximum rate of 3,400,00 cubic feet with 1200 pounds back pressure; the estimated open flow, 4,600,000 cubic feet.

Q Do you have pipeline connections for both outlets, that is, the Blinebry and the Tubb gas?

A We do not now, but they are in the process of laying their lines; and we have asked for and just received administrative approval for 40-acre non-standard Blinebry and Tubb gas proration units covering the southeast quarter of the northwest quarter, that's the quarter section that the well is now located. These orders, administrative orders, NSP-471 approved the 40-acre Tubb unit, NSP-472 approved the 40-acre Blinebry unit. Upon approval of our proposed 160-acre non-standard Blinebry and Tubb units, it would be in order for these two administrative

orders on the 40-acre units to be cancelled effective with the assignment of the larger acreage.

Q Is the Gulf Scarborough Estate Lease a Federal, State or a Fee lease?

A It's a Fee lease.

Q Is the royalty ownership in Gulf's Scarborough Estate Lease common throughout the unit area?

A Yes, it is.

Q Has notice of this application been given to the owners of other interests in Section 31 and to any other party owning interests within 1500 feet of the unit well?

A Yes.

Q Would correlative rights of others be impaired by the approval of this request?

A No.

Q Have units of this size and shape been previously approved by the New Mexico Oil Conservation Commission in the Tubb or Blinebry gas pools?

A Yes, they have.

Q Have the unit wells been located in the same relative positions in those other cases, or any of the other cases?

A Yes.

Q Were these exhibits, Numbers One and Two, prepared by you or under your direction?

A Yes, they were.

MR. KASTLER: If the Commission please, this concludes the direct testimony from Mr. Hoover, but I would like to move that Exhibits One and Two be admitted into evidence.

MR. UTZ: Without objection, they will be accepted.

Are there questions of the witness?

MR. PAYNE: Yes, sir.

MR. UTZ: Mr. Payne?

MR. PAYNE: Mr. Hoover, at the present time, I take it that the north half of the southwest quarter, the northwest quarter of the southeast quarter of this section in question here, Section 31, is not dedicated to either the Blinebry or Tubb wells, is that right?

A No sir, not at the present time.

MR. PAYNE: Thank you, I believe that's all.

MR. UTZ: Are there other questions?

MR. STAMETS: Yes, sir.

MR. UTZ: Mr. Stamets?

MR. STAMETS: In Section 31, this Well Number 3, which is in the northeast quarter of the southeast quarter, is that well producing from the Blinebry and the Tubb?

A That's a Blinebry gas, Drinkard oil.

MR. STAMETS: Blinebry-Drinkard?

A Yes sir, that's the Blinebry gas unit well for the 160-acre Blinebry unit which is outlined in red on the Blinebry gas plat, and then the Well Number 2, the direct north offset,

is the Tubb well which is outlined in green on the Tubb plat, both Drinkard gas, Blinebry gas, Tubb gas and Drinkard oil duals.

MR. STAMETS: Then in Section 36, being 22 South, 37 East, I believe, in the northwest quarter of the southeast quarter, do you know if that is a Blinebry-Tubb dual?

A I believe that's a Blinebry oil, Drinkard oil, that's an oil well.

MR. STAMETS: That's all I have.

MR. UTZ: Mr. Hoover, is there any Blinebry or Tubb production south of this unit?

A No sir, no gas.

MR. UTZ: Is there oil production from the Blinebry-Tubb?

A In Lot 2 of Section 6, which would be 23, 38, just the south offset to our 31, Number 1 Pike, that's a Blinebry oil well.

MR. UTZ: And the Aztec well is also a Blinebry oil well in Section 36?

A In the northwest of the southeast?

MR. UTZ: Yes.

A Yes, sir.

MR. UTZ: Will your other witness present contours?

A Yes, sir.

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

If not, the witness may be excused.

(Witness excused.)

GERALD J. SAVAGE

a witness, being first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name and position with Gulf Oil Corporation?

A Gerald J. Savage, Production Geologist with Gulf Oil Corporation, Roswell.

Q Mr. Savage, have you previously qualified as an expert witness and testified before hearings in the New Mexico Oil Conservation Commission of New Mexico?

A Yes sir, I have.

Q Are you familiar with Gulf's application in Case Number 1622 and are you also familiar with Gulf's Scarborough Estate Well Number 4?

A Yes, sir.

(Thereupon, the document was marked as Gulf's Exhibit No. 3 for identification.)

Q (By Mr. Kastler) Have you caused to be marked a log of the well for purposes of introducing that as an exhibit, Exhibit Number Three, here today?

A I have a copy of the well log on the Gulf Scarborough Estate Number 4, which I have caused to be labeled Exhibit

Number Three on this log, and I have shown the top of the Blinebry formation, the Blinebry perforations and the initial potential of the Blinebry formation, and also the top of the Tubb formation, the Tubb perforations and the initial potential of the Tubb formation.

Q Is the Scarborough Estate Well Number 4 a well which is completed within the vertical limits of the Blinebry and Tubb gas pools?

A Yes, sir.

(Thereupon, the document was marked as Gulf's Exhibit No. 4 for identification.)

Q (By Mr. Kastler) Have you prepared a contour map on top of the Blinebry formation?

A I have copies of the contour map on top of the Blinebry formation, which I have labeled Exhibit Number Four. Specifically shown on this contour map are the contours on top of the Blinebry with a contour interval of twenty-five feet. Shown by hachured marks is Gulf's Scarborough Estate Lease, and outlined in yellow is the proposed gas proration unit, and outlined in red is the Scarborough Estate Number 4.

Q Is the proposed Blinebry unit entirely within the horizontal limits of the Blinebry gas pool?

A Yes sir, it's my understanding that all of Section 31 is within the present limits of the Blinebry gas pool.

Q Is the acreage within the proposed Blinebry unit all productive of gas, in your opinion?

A In my opinion, all of the acreage within the proposed gas proration unit can be considered to be productive of gas from the Blinebry formation.

(Thereupon, the document was marked as Gulf's Exhibit No. 5 for identification.)

Q (By Mr. Kastler) Have you also prepared a contour map on top of the Tubb formation?

A Yes sir, I have copies of a contour map on top of the Tubb formation, which I have labeled Exhibit Number Five. Specifically shown are contours on top of the Tubb formation with a contour interval of twenty-five feet. Shown also is Gulf's Scarborough Estate Lease, and outlined in yellow is the proposed gas proration unit, and outlined in red is the Gulf Scarborough Estate Number 4.

Q Is the proposed Tubb unit entirely within the horizontal limits presently of the Tubb gas pool?

A No sir, it is my understanding that the northwest quarter of Section 31 was recommended in the nomenclature of the March State-wide hearing to be included within the horizontal limits of the Tubb gas pool, and the northeast quarter and the northeast quarter of the southeast quarter of Section 31 are presently within the horizontal limits of the Tubb gas pool.

This would leave the north half of the southwest quarter and the northwest quarter of the southeast quarter still be brought within the limits of the Tubb gas pool.

Q Is the acreage within the proposed Tubb unit all productive of Tubb gas, in your opinion?

A In my opinion, all of the acreage in the proposed Tubb gas unit could be considered to be productive of Tubb gas.

Q Have Exhibits Three, Four and Five been prepared by you or at your direction and supervision?

A Yes sir, they have.

MR. KASTLER: This concludes my direct testimony from Mr. Savage, and at this time I would like to move that Exhibits Three, Four and Five be admitted into evidence in this case.

MR. UTZ: Without objection, they will be accepted.

Are there questions of the witness?

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Savage, referring to Exhibit Number Four, is there a Blinebry-gas well on the 2175 contour?

A I presume you mean a Blinebry gas, Tubb gas well?

Q Didn't I say a Blinebry gas well?

A You may have, I just didn't understand the question in that manner. Gulf's Number 3 TR Andrews, located in the northwest quarter of the southeast quarter of Section 32, is a Tubb gas, Drinkard oil dual; located in Section 31 in the

northeast quarter of the southeast quarter is Gulf's Number 3 Scarborough Estate Well, which is a Blinebry gas, Tubb gas dual. Both of those are very near the minus 2175 contour line.

Q And you used for this, for purposes of contouring, the Aztec well in the northwest of the southeast of 36?

A Yes, sir.

Q That's an oil well, is it?

A It's a Blinebry oil, Drinkard oil dual.

Q In your opinion, is the Blinebry formation productive of oil or gas above the 21, or below, rather, the 2175 contour?

A It would depend on where the well was completed within the Blinebry formation. I would say that there is Blinebry oil production to be had in Section 31, but that--where Gulf's Number 4 Scarborough Estate is completed within the Blinebry formation, that it is productive of gas.

Q Throughout the entire unit that you are proposing?

A Yes, sir.

Q How about the Tubb formation in Exhibit Number Five under the 2725 contour, what wells did you use for control on that contour?

A All of the wells that have been contoured here were brought in as control. The well specifically which is producing Tubb gas in Section 32 in the northwest quarter of the southeast quarter, which is Gulf's Number 3 TR Andrews, it has assigned as its gas proration unit the southeast quarter of Section 32.

Q Is there any other gas, Tubb gas well along that contour?

A I believe there are Tubb gas wells along that contour to the north and northwest--period.

Q But none to the south?

A There are no Tubb gas wells to the south on this particular structure.

Q Are there Tubb oil wells?

A To my knowledge, there are no Tubb oil wells to the south of Section 31 that would be related to the structure.

Q Let's see, the well, the Number 3 Well in the northwest of the southeast of Section 31, isn't it completed in the Tubb?

A I believe you--did you mean the northeast of the southeast?

Q Excuse me, I did mean the northeast of the southeast.

A That's a Blinebry gas, Drinkard oil --

Q Drinkard --

A --dual.

Q That looks like a little "T" there.

A Well, sir, Gulf, in their mapping, uses a "T" for all Tubb wells, the Drinkard formation being within the Tubb formation. I might correct that to say the Drinkard appears to be within the Tubb formation.

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

If there are not, the witness may be excused.

(Witness excused.)

MR. UTZ: Are there other statements to be made in this case?

If there are not, the case will be taken under advisement.

STATE OF NEW MEXICO)
: SS
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing were reported by me in Stenotype, and that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

DATED this 27th day of March, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Jerry Martinez
Notary Public

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1622, heard by me on March 25, 1959.
[Signature], Examiner
New Mexico Oil Conservation Commission