

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1652

TRANSCRIPT OF HEARING

MAY 6, 1959

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BEFORE THE
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IN THE MATTER OF: :

CASE 1652 Application of Continental Oil Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks the establishment of a 320-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N2 of Section 8, Township 23 South, Range 36 East, Lea County, New Mexico, said unit to be dedicated to applicant's Danciger A-8 Well No. 3 located 990 feet from the North and East lines of said Section 8. :

BEFORE:

Elvis 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: The next case will be Case 1652.

MR. PAYNE: Case 1652. Application of Continental Oil Company for a non-standard gas proration unit.

MR. KELLAHIN: If the Commission please, I would like the record to show the same appearance as in Case 1651, and Mr. Queen will be the witness.

MR. UTZ: Any other statements to be made in this case, appearances? If not, you may proceed.

MR. PAYNE: This is the same Mr. Queen who was sworn in the previous case?

MR. KELLAHIN: Yes.

JOHN A. QUEEN,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Queen, will you state your name?

A John A. Queen.

Q Are you the same Mr. Queen who testified in Case 1651?

A I am.

Q Mr. Queen, are you familiar with the application in Case 1652?

A I am.

Q Briefly, what does that propose?

A This is an application of Continental Oil Company for the approval of a 320-acre non-standard gas proration unit, consisting of the N/2 of Section 8, Township 23 South, Range 36 East, in lieu of the presently approved 160-acre unit, consisting of the NE/4 of said Section 8, for assignment to its Danciger A-8 Well No. 3.

(Whereupon, Continental's Exhibits 1 through 5 were marked for identification).

Q Referring to what has been marked as Exhibit No. 1, will you state what that shows?

A Exhibit No. 1 is a location and ownership plat, showing the proposed unit and immediate surrounding area. Danciger

A-8 lease is shown on -- consists of Section 8, Township 33 South, Range 36 East. Danciger A-8 No. 3 Well is shown circled in red. The proposed gas proration unit is outlined in red, and consists of the N/2 of Section 8. The presently approved unit, the NE/4 of Section 8, and other approved units on surrounding leases are shown outlined in green. The wells to which the surrounding wells are allocated are circled in green.

Q Now, the wells circled in green are all producing from the Jalmat Pool?

A That is correct.

Q Now, referring to what has been marked as Exhibit No. 2, will you state what that shows?

A Exhibit No. 2 is a structure plat of the area shown in Exhibit No. 1. Structural configuration on the top of the Yates formation is shown by contours depicting intervals of twenty feet. The Danciger A-8 No. 3 is circled in red, and the proposed unit is outlined in red. As shown, the Yates exhibits a -- various steep dips across the eastern half of the lease.

No. 3 Well located 990 feet from the North and East line was drilled at a location designed to take advantage of the increased net pay without excessive crowding of our eastern neighbor.

Q Referring to Exhibit No. 2, the one you have just discussed, is there anything on that Exhibit which would indicate to you that the entire area proposed to be dedicated to the Danciger

A-8 Well is productive?

A There are two wells lying in Section 17 that would indicate this; one, the TP and C's State 39, located in the SE/4 of Section 17, is gas productive at an interval of minus twenty feet. The other well, the Sinclair Federal No. 3 located in the SW/4 of Section 17, and circled in green on Exhibit 2, is productive of gas at an interval -- at a structural interval that does not even touch the Danciger A-8 lease. This indicates to us that this area is productive of gas.

Q Now, referring to what has been marked as Exhibit No. 3, will you state what that is?

A Exhibit No. 3 is a trace of the radio active log on the Danciger A-8 No. 3. The top of the Yates formation, perforated intervals, and the completion information are shown.

Q Now, referring to what has been marked as Exhibit No. 4, will you discuss that Exhibit?

A Exhibit 4 is an interpretative cross section across the Danciger A-8 lease in an east-west direction drawn through the Danciger A-8 No. 3. by horizontal extension of the elevation of the lowest perforation and assuming this to be the lowest limit of the gas productivity and by extending the top perforation in a line parallel to the top of the Yates formation as depicted on Exhibit 2. The gas productive zone is illustrated by the cross-hatched area. As shown on Exhibit 4, the entire Danciger A-8 lease is reasonably productive of gas in the Yates formation.

On Exhibit 4, the western boundary of the Danciger A-8 lease is depicted by the western heavy line on Exhibit 4. The eastern edge of the lease is also depicted by the right-hand heavy line. As can be seen by this Exhibit, a well drilled toward the eastern boundary is much better located to recover the reserves under the lease. One additional thing I would like to add, is that this cross section was cut into ten equal segments and pre-assembled. A well drilled to the exact center of this area would have been located 1320 feet from the East, and 1320 feet from the North of the Danciger A-8 lease.

Q Now, referring to what has been marked Exhibit 5, will you state what that is?

A Exhibit No. 5 is a copy of the latest C 122-C on the well showing the deliverability at 80 percent shut-in pressure.

It is believed that this well is capable of producing the increased allowable without any difficulty.

Q In summary, in your opinion, is the NW/4 of Section 8 gas productive?

A In my opinion, it is gas productive.

Q And is the Danciger A-8 Well No. 3 capable of producing the gas from that unit?

A It is.

Q Were Exhibits 1 through 4 inclusive prepared by you -- 1 through 5 prepared by you or under your direction and supervision?

A They were.

MR. KELLAHIN: At this time we would like to offer Exhibits 1 through 5 inclusive.

MR. UTZ: Without objection, Exhibits 1 through 5 will be accepted.

(Whereupon, Continental's Exhibits 1 through 5 were received in evidence.)

MR. KELLAHIN: That's all the questions I have, Mr. Utz.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Queen, your statement as to whether or not this well will produce its allowable, what allowables did you use as a comparison to make as to whether or not the well will produce its gas allowable?

A February and March. They, as I recall, averaged about 100 MCF per day, and, as you can see, that is approximately one-fourth of what the well is capable of producing.

Q Your line pressures are about what in this area?

A I believe the line pressures are within the vicinity of the pressure tested here, 350 pounds.

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

QUESTIONS BY MR. PAYNE:

Q Mr. Queen, is the NW/4 of Section 8 presently desig-

nated to any Jalmat oil?

A No, it is not.

Q Now, is the S/2 of Section 8, that 320 acres, is that dedicated to the Danciger "E" No. 2?

A Yes, sir, it is.

Q Is that No. 2 capable of producing a 320-acre allowable?

A I made a note of those figures, and I believe that is a non-marginal well. However, I am not able to put my hands on that figure at the present time.

Q All right, sir. Are there any Jalmat oil wells in this immediate area?

A I believe the Continental "A" Farnie 1 and 2 are Jalmat oil wells.

Q And those are located where?

A In the NW/4 of Section 17, but that should be confirmed.

Q Now, is this location of your Danciger No. 3, is that unorthodox for a Jalmat gas well?

A Not for 160. It would be for 320.

Q Have you gotten any approval for that unorthodox location?

A It would be my understanding-- However, I am very new to the State of New Mexico--that this hearing, if so granted, would be approval of that location.

Q That is a question that has never been resolved, to my knowledge, whether granting of a non-standard unit approves the non-standard location of a well. I doubt that it does. What is this location again, Mr. Queen?

A 990 from the North and 990 from the East.

MR. PAYNE: I believe that's all.

MR. UTZ: Any other questions of the witness?

A I would like to make one other statement in regard to your question about the Jalmat Oil case. In the Jalmat oil area we have counted up to, I believe, I do not recall the number, but a large number of wells, I believe, over a hundred that are Jalmat oil wells, and they are over the entire area.

MR. PAYNE: This area here is on the western boundary of the pool, isn't it?

A That is correct, sir.

MR. UTZ: The witness may be excused.

(Witness excused)

MR. UTZ: Are there any other statements to be made in this case? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, 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 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 11th day of May, 1959, 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 complete record of the proceedings in the Examiner hearing of Case No. 1652, heard by me on May 10, 1959.
Trujillo, Examiner
New Mexico Oil Conservation Commission