

MAIN OFFICE UCC

1959 JUN 10 AM 8 00

BEFORE THE
CONSERVATION COMMISSION
Santa Fe, New Mexico
May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:

Case 1679

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

MR. MCKENNA: Mr. Examiner, before we proceed, I would like to move another amendment of the application. In view of the fact that the well Gulf Hill No. 1 involved in this petition is located in the Northwest Quarter of the Southeast Quarter and the Northeast of the Southwest Quarter rather than a single Governmental quarter section apparently required by the rules of the Commission, and would like to move that be considered, and I request amended, to reflect that would be an unorthodox location.

MR. FISCHER: All right, sir, we'll consider that.

ROBERT H. SWARTHOUT

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

DIRECT EXAMINATION

BY MR. MCKENNA:

Q Would you state your name, please?

A Robert H. Swarthout.

Q Where do you live, Mr. Swarthout?

A Hobbs, New Mexico.

Q Have you testified previously before this Commission?

A No, I haven't.

Q Can you tell the Examiner and the Commission your education and your experience?

A I have a B. S. degree in petroleum engineering

from the University of Oklahoma, three years' experience in engineering with the Pure Oil Company and one year experience with the Western Oil Fields, Inc.

Q In what capacity are you employed?

A I am a petroleum engineer.

Q With Western Oil Fields. Are you familiar with this particular petition?

A Yes, sir.

Q Can you tell the Examiner and the Commission and explain the past history and circumstances concerning this Gulf Hill No. 1 in Section 4?

A Yes, sir. The Gulf Hill No. 1 was drilled in Unit R of Section 4, 21, 27 in 1954 and completed in the Blinebry Gas Pool, at which time it was allotted 160 acre standard gas unit. The later wells drilled on that same lease which are our Gulf Hills No. 2 and No. 3 were completed in a lower section and designated as Terry-Blinebry oil wells.

By a letter from Mr. Montgomery of the Hobbs Commission Office to Mr. Porter in Santa Fe, dated April, or August 23, 1956, it was requested that the extension of the Terry-Blinebry Oil Pool be taken into Lots 14 and 15 of Section 4, which would necessitate deleting the same acreage from the Blinebry Gas Pool, of which our Gulf Hill No. 1 at that time is producing. That request was granted and became effective on September 1st, 1956.

Our Gulf Hill No. 1 has produced as a non-standard gas proration unit since that time without any order from the Commission having been issued.

Then a letter dated April 23, 1959 from the Hobbs Office of the Oil Commission notified our company that a non-standard gas proration unit order had not been issued by the Commission and requested that we do so immediately.

Q What was the date of that letter that you mentioned?

A April 23, this year.

Q So the purpose of this request is to secure a formal approval?

A That's correct.

Q Referring to the application plat which you testified that you are completely familiar with, will you explain the facts concerning this request for non-standard proration unit of 80 acres in accordance with the request herein made?

A Yes, sir, as noted on the plat, Western Oil Fields is the operator of a total of 160 acres located in the South Half of Section 4, 21, 37, which are Lots No. 14, 15, 19 and 18. This comprises the portions of the Southwest and the Southeast Quarter of that section.

The Gulf Hill No. 1 Blinebry gas well located in Block or in Lot 18, Unit R of that section is in the Southeast Quarter of that section, and the proposed unit extends into the Northeast

Quarter of the Southwest Quarter of that section, which is an exception to Paragraph 2 of Rule 5-B of Unit Order R-610. It is under these circumstances that we are asking an exception to that portion of the rule.

MR. McKENNA: Mr. Examiner, let me go back for a minute and review the effect of the previous testimony. Mr. Swarthout had not previously testified prior to this time. May I formally move his qualifications be accepted?

MR. FISCHER: They're accepted.

Q What is your opinion, Mr. Swarthout, as to non-standard unit herein requested as to principles of conservation, prevention of waste and correlative rights?

A The operators are of the opinion that the prevention of waste, protection of correlative rights and the serving of the best interest of conservation will be held up throughout the life of this well.

Q It is your formal request that the approval herein petitioned for be made retroactive to September 1st, 1956, is that correct?

A Yes, it is.

Q Why was that date of September 1st, 1956 selected?

A That was the date that the Commission deleted the normal 160 acre allotment of the Gulf No. 1 Hill Well to an 80 acre non-standard allotment.

MR. MCKENNA: I have no further questions.

MR. FISCHER: Are there any questions of Mr. Swarthout?

MR. PAYNE: Yes, sir.

MR. FISCHER: Mr. Payne.

CROSS EXAMINATION

BY MR. PAYNE:

Q What's the distance of this well from the nearest boundaries of the proposed 80 acre unit?

A 660 feet.

Q So that it's not an unorthodox location, is it?

A No, sir. The unit itself is unorthodox inasmuch as it does not lie wholly within a Governmental quarter section.

Q Yes, but the well location is orthodox?

A Yes, sir.

MR. PAYNE: That's all. Thank you.

BY MR. FISCHER:

Q This Section 4, 21, 37 is a long section?

A It is, yes, sir.

Q What's the acreage, you say the total acreage is a flat 80 acres?

A Yes, sir.

Q As I understand it, you want this well, was it ever classified as a Terry-Blinebry well?

A No, it was completed and classified as a Blinebry

gas well.

Q And has remained classified as a Blinebry gas well?

A That's right.

Q Does it produce any liquids?

A Yes, sir, some high gravity distillate.

Q Do you know the gravity and the gas-oil ratio of this well?

A No, sir, off-hand I don't. I'm not sure that I have that information with me right now. There has been some recent tests run down there and there is a test period coming up this month I believe.

Q Your Gulf Hill Well then comes under the Blinebry semi-annual pressure?

A Yes, sir.

Q Pressure tests scheduled? A That's right.

MR. FISCHER: Any other questions of Mr. Swarthout? You may be excused.

(Witness excused.)

Any statements to be made? If not, the case will be taken under advisement.

