

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 27, 1960

EXAMINER HEARING

IN THE MATTER OF:)
)

Application of Great Western Drilling Company)
for establishment of a 200-acre non-standard)
gas proration unit in the Eumont Gas Pool.)
Applicant, in the above-styled cause, seeks an)
order establishing a 200-acre non-standard gas)
proration unit in the Eumont Gas Pool consist-)
ing of the E/2 NE/4 of Section 32 and the E/2)
NW/4 and NW/4 NW/4 of Section 33, all in Town-)
ship 19 South, Range 37 East, Lea County, New)
Mexico, said unit to be dedicated to its Bor-)
dages Well No. 1 located 330 feet from the)
North line and 270 feet from the West line of)
said Section 33.)

Case 1944

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order. Case 1944.

MR. PAYNE: Application of Great Western Drilling Company
for establishment of a 200-acre non-standard gas proration unit
in the Eumont Gas Pool.

MR. CHRISTY: Sim Christy, Hervey, Dow & Hinkle, for
the applicant Great Western Drilling. Mr. Examiner, as the testi-
mony will bring out, the offset operators are Shell, Sinclair,
Aztec, Gulf, Texaco, Atlantic, Ohio, and Amerada. We have sent,

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by registered return receipt, a copy of the application to each of those operators, and we have the registered return receipts, together with a letter of consent from Shell. We have two short witnesses; the first, Mr. Huckaby.

(Witness sworn.)

JOHN HUCKABY

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A John Huckaby, Midland, Texas; land man, Great Western Drilling Company.

Q Mr. Huckaby, are you familiar with the application in this case, being No. 1944, before the New Mexico Oil Conservation Commission, and what it seeks?

A Yes, sir.

Q What does the application seek, briefly?

A It seeks to obtain the approval for the establishment of a non-standard gas proration unit in Eumont Gas Pool, Lea County, New Mexico.

Q What is the land involved, Mr. Huckaby?

A The lands involved are the East half of the Northwest Quarter and the Northwest Quarter of the Northwest Quarter of



Section 33, and the East half of the Northeast quarter of Section 32, Township 19 South, Range 37 East.

Q Now, are all of these lands within the Eumont Gas Pool horizontal limit?

A No, sir; they are not. The land in Section 33 is within the horizontal limits of the Eumont Gas Pool, and the land in Section 32 is within one mile.

Q Now, I believe the interested parties -- let me go back. Do you have a map of this area?

A Yes, sir.

Q That has been marked as Exhibit 1 in this case?

A Yes, sir.

Q And I believe the proposed non-standard gas proration unit is outlined in yellow?

A Yes, sir.

Q Now, I notice other coloration, orange, green, red, et cetera. What are those?

A They represent other units pertaining to the gas wells located in that area.

Q They are other gas proration units for Eumont gas production?

A That's right.

Q So your land in question appears to be surrounded by and isolated from other such units?



A Yes, sir; that is correct.

Q Now, I believe the interested parties in the proposed area have entered into a communitization agreement; is that correct?

A Yes, sir.

Q Have all the parties signed the communitization agreement?

A All the working interest owners have signed the communitization agreement and all of the royalty and overriding royalty owners who have signed are listed in the application, and comprise approximately 85 to 90 per cent of the total.

Q How do you propose to acquire the other 15 per cent of royalty interests?

A By forced pooling.

Q I believe they are substantially unknown people?

A Yes, sir.

Q Now, what type of land do we have here with relation to ownership of mineral rights?

A The land in Section 33 is owned by the Federal Government under Federal lease; and the land in Section 32 is fee land.

Q Has this communitization agreement been approved by the United States of America?

A Yes, sir. The U.S.G.S. in Roswell has advised us they have approved it and we will get their formal approval when we submit to them the communitization agreements.



A Yes, it is.

Q What well do you propose to dedicate?

A The Bordages Well.

Q Where is it located?

A Northwest Quarter of the Northwest Quarter of Section 33.

MR. CHRISTY: I believe that is all from this witness.

CROSS-EXAMINATION

BY MR. PAYNE:

Q Mr. Huckaby, I believe you testified that the East Half of the Northwest Quarter is not within the horizontal limits of the Eumont Gas Pool?

A The East Half of the Northwest Quarter? No, sir.

Q East Half of the Northeast quarter of 32?

A That is correct; it is not within the horizontal limits of the Eumont Gas Pool, but it is within one mile.

Q How can that be? These other units shown on your Exhibit 1, are these Eumont Gas Wells?

A I am not sure what wells they are, but I don't believe they are. Some of them are not in the Eumont Gas Pool.

Q Well, I believe all of Section 32 is.

Q You may be correct, sir. In looking over Byram's book I did not find Section 32. However, of course, these would have to be put in units because they are within one mile.

Q I believe the Examiner can take administrative notice of



the fact that Section 32 is in the Eumont Gas Pool.

MR. UTZ: For your information, Examiner did check and it is in the middle of the Eumont.

Q (By Mr. Payne) What is presently dedicated to the Bordages Well?

A 120 acres, being the East Half of the Northwest Quarter of the Northwest Quarter of Section 33.

Q And the East Half of the Northeast Quarter of 32 is not now presently dedicated to any Eumont Gas wells?

A That is correct.

MR. UTZ: Any other questions of the witness? If not, the witness may be excused.

MR. CHRISTY: Call Mr. Hampton, please.

(Witness sworn.)

JOHN HAMPTON

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

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you state your name, address and occupation?

A John Hampton, 509 North Lorraine Street, Midland, Texas.

Q What do you do?

A Chief Production Engineer for Great Western Drilling Company.

Q Are you familiar with the land and well involved in this



application, being Case No. 1944 before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q Have your qualifications previously been accepted as geologist and petroleum engineer by this Commission?

A Yes, sir; they have.

Q Does the Examiner have any questions concerning the qualifications of the witness?

MR. UTZ: No, sir.

Q (By Mr. Christy) Would you briefly tell us the production history on this well which Mr. Huckaby stated was to be utilized in the unit?

A This Bordages No. 1 Well is located 330 feet from the North line, 270 feet from the West line, of Section 33, Township 19 South, Range 37 East. That well was drilled in September of 1937, prior, I believe, to the completion of this particular gas pool.

Q I believe the rules on the pool were created by Order R-368 of September 28, 1953?

A I believe that is correct; yes, sir.

Q What is the gas-oil ratio at present?

A Well, it is certainly in excess of the 100,000 to 1 as required by the rule. I believe, to the best of my knowledge, the well produces no liquids at all; all gas.



Q Now, do you feel that this well will effectively and efficiently drain all Eumont gas production under the proposed non-standard gas proration area?

A In my opinion it would under these circumstances.

Q Would the correlative rights of any interested party be violated by the granting of this non-standard gas proration unit?

A No, sir.

Q Do you see where waste may be occasioned by virtue of granting of the application?

A No, sir.

Q Would each of the persons owning an interest in production receive their fair share of production under this non-standard unit?

A Yes, sir.

Q They would because it will drain; is that correct, sir?

A Yes, sir.

Q I notice down here, Mr. Hampton, there are only 40 acres that appear to be dedicated to that Atlantic Well in the North-east Southeast of Section 32. Do you know anything about that well?

A Well, my understanding is that that well will barely, or possibly not even, make the allowable for that particular 40 acre tract.

MR. CHRISTY: I believe that is all from this witness.

CROSS-EXAMINATION



BY MR. UTZ:

Q Mr. Hampton, do you have any tests on the Bordages No. 1 to show what it will produce?

A Yes, sir; we have a relatively recent test. I believe 2.8 million was the test of that well.

Q What kind of a test was that?

A I believe that was the test required by the Commission.

Q Open flow, 4-point test?

A I believe so; yes.

Q Do you have that test available?

A Mr. Utz, I am not sure I have the last test.

Q Have you made a study to determine whether or not this well will make its non-marginal allowable?

A Yes, sir, it will.

Q What is the completion interval?

A 3,530 feet to 3,580 feet.

Q What zone is it completed in?

A I believe that is the Queen sand.

Q The Queen is in the vertical limits of the Eumont?

A Yes, sir.

Q Do you have any knowledge of the producing characteristics of the wells around this?

A No, I do not.

MR. PAYNE: Mr. Hampton, is this well substantially in



balance at the present time?

A I believe, Mr. Payne, it is over-produced right now.

Q Do you think if the requested acreage to be dedicated to this well is approved it would be contingent on bringing the oil in substantial balance inasmuch as the allowable does not go up proportionately to the additional acreage added?

A We would have no objection to that. I think it goes up a little.

Q As I understand it, all you are asking for at this time is the non-standard unit, and if that is granted subsequently you are going to ask for a forced pooling order?

A That is correct; yes, sir.

Q And in the meantime you will keep the funds separate so as to protect the non-consenting royalty owners?

A Correct; yes, sir.

MR. UTZ: Do you know offhand how much over-produced the well is; approximately how long would it take to get in balance?

A I think it is almost in balance. It occurs pretty regularly on this well, it gets over-produced when there is a demand. I believe the gas company over-produces it a bit at times, but I think it is essentially in balance.

MR. UTZ: Any other questions of the witness? If not, he may be excused.

MR. CHRISTY: We would like to offer in evidence applicant's Exhibit 1, and that is all we have for the applicant.



