

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2355
Order No. R-2051

APPLICATION OF H. L. BROWN, JR.
AND CLEM E. GEORGE FOR ESTABLISH-
MENT OF SPECIAL RULES AND REGULA-
TIONS FOR THE BLUITT-WOLFCAMP GAS
POOL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 9, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 29th day of August, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicants, H. L. Brown, Jr. and Clem E. George, seek the establishment of Special Rules and Regulations in the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico, including a provision for 320-acre units in said pool.
- (3) That the evidence available at this time indicates that it may be uneconomical to drill wells in said pool on 160-acre units.
- (4) That development of the subject pool will be encouraged by development on 320-acre units.
- (5) That this case should be reopened in August, 1962, at which time the applicants should be permitted to appear, and, by pressure interference tests or such other tests as may be conducted, show cause why the subject pool should not be developed on 160-acre units.

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CASE No. 2355
Order No. R-2051

IT IS THEREFORE ORDERED:

(1) That Temporary Special Rules and Regulations for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BLUIT-WOLFCAMP GAS POOL

RULE 1. Each well completed or recompleted in the Wolfcamp formation within one mile of the boundary of the Bluit-Wolfcamp Gas Pool and not nearer to nor within the boundaries of another designated Wolfcamp gas pool, shall be drilled, spaced, and produced in accordance with the special rules and regulations herein-after set forth.

RULE 2. (a) Each well completed or recompleted in the Bluit-Wolfcamp Gas Pool shall be located on a tract consisting of approximately 320 acres comprising any two contiguous quarter sections of a single governmental section, being a legal subdivision (half section) of the United States Public Lands Survey. For purposes of these rules, a unit consisting of between 316 and 324 surface contiguous acres shall be considered a standard unit.

(b) The Secretary-Director shall have authority to grant an exception to Rule 2 (a) without notice and hearing where an application has been filed in due form and where the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Lands Survey, or where the following facts exist and the following provisions are complied with:

(1) The non-standard unit consists of contiguous quarter-quarter sections or lots.

(2) The non-standard unit lies wholly within a single governmental section.

(3) The entire non-standard unit may reasonably be presumed to be productive of gas from the Bluit-Wolfcamp Gas Pool.

(4) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning interests in the section in which any part of the non-standard unit is situated and which acreage is not included in said non-standard unit.

(5) In lieu of Paragraph 4 of this Rule, the applicant may furnish proof of the fact that all of the aforesaid

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CASE No. 2355
Order No. P-2051

operators were notified by registered mail of his intent to form such non-standard unit. The Secretary-Director may approve the application if, after a period of 30 days, no such operator has entered an objection to the formation of such non-standard unit.

RULE 3. (a) Each well completed or recompleted in the Bluit-Wolfcamp Gas Pool shall be located no nearer than 990 feet to the outer boundary of the quarter section nor nearer than 330 feet to any governmental quarter-quarter section line.

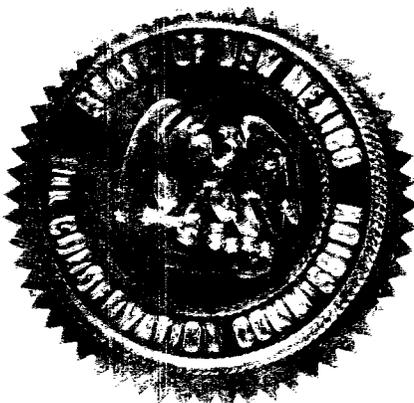
(b) The Secretary-Director shall have authority to grant exceptions to Rule 3 (a) without notice and hearing where an application therefor has been filed in due form and the necessity for the unorthodox location is based on topographical conditions or is occasioned by the recompletion of a well previously drilled to another horizon.

Applicants shall furnish all offset operators and all operators within the section in which the subject well is located a copy of the application to the Commission and shall stipulate to the Commission that proper notice has been furnished to all such operators. The Secretary-Director may approve the application if, after a period of 20 days, no offset operator has entered an objection to the proposed unorthodox location.

(2) That this case shall be reopened in August, 1962, at which time the applicants may appear and show cause why the subject pool should not be developed on 160-acre units.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



[Signature]
EDWIN L. MECHEM, Chairman

[Signature]
E. S. WALKER, Member

[Signature]
A. L. PORTER, Jr., Member & Secretary

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2355
Order No. R-2051-A

APPLICATION OF H. L. BROWN, JR.
AND CLEM E. GEORGE FOR ESTABLISH-
MENT OF SPECIAL RULES AND REGULA-
TIONS FOR THE BLUITT-WOLFCAMP GAS
POOL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 29, 1962, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 4th day of September, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2051, entered in Case No. 2355 on August 29, 1961, temporary Special Rules and Regulations were promulgated for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico.

(3) That this case was reopened pursuant to Order No. R-2051 to allow the applicants to show cause why the subject pool should not be developed on 160-acre units.

(4) That the evidence establishes that it will be uneconomical to drill wells in the subject pool on 160-acre units in the immediate future.

(5) That the evidence establishes that continued development of the subject pool will be encouraged by development on 320-acre units and that such development will not cause waste or impair correlative rights.

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CASE No. 2355
Order No. R-2051-A

(6) That the evidence is insufficient to justify more than a temporary extension of Order No. R-2051.

(7) That Order No. R-2051-A should continue in full force and effect and that this case should be reopened in August, 1963, at which time the applicants should be permitted to appear, and, by pressure interference tests or such other tests as may be conducted, show cause why the subject pool should not be developed on 160-acre units.

IT IS THEREFORE ORDERED:

(1) That the temporary Special Rules and Regulations for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, promulgated by Order No. R-2051 shall remain in full force and effect until September 1, 1963.

(2) That this case shall be reopened in August, 1963, at which time the applicants may appear and show cause why the subject pool should not be developed on 160-acre units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



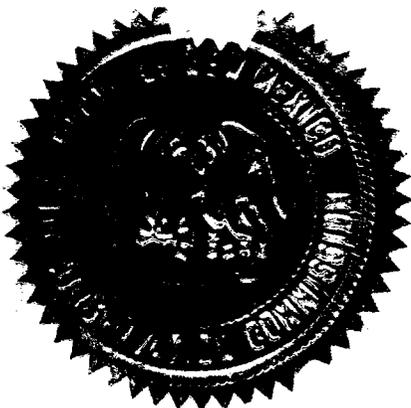
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2355 (Reopened)
Order No. R-2051-B

APPLICATION OF H. L. BROWN, JR.
AND CLEM E. GEORGE FOR ESTABLISH-
MENT OF SPECIAL RULES AND REGULA-
TIONS FOR THE BLUITT-WOLFCAMP GAS
POOL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 21, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 29th day of August, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2051 entered in Case 2355 on August 29, 1961, temporary special rules and regulations were promulgated for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico.

(3) That by Order No. R-2051-A entered September 4, 1962, said temporary rules were extended until September 1, 1963.

(4) That this case was reopened pursuant to Order No. R-2051-A to allow the applicants to show cause why the subject pool should not be developed on 160-acre units.

(5) That the evidence in this hearing and in the previous hearings establishes that it will be uneconomical to drill wells in the subject pool on 160-acre units in the immediate future.

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CASE No. 2355 (Reopened)
Order No. R-2051-B

and that continued development of the subject pool will be encouraged by development on 320-acre units and that such development will not cause waste nor impair correlative rights.

(6) That the evidence is insufficient to justify more than a further temporary extension of Order No. R-2051.

(7) That Order No. R-2051-B should continue in full force and effect and that this case should be reopened in August, 1964, at which time the applicants should be permitted to appear and, by pressure interference tests or other tests as may be conducted, show cause why the subject pool should not be developed on 160-acre units.

IT IS THEREFORE ORDERED:

(1) That the temporary special rules and regulations for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, promulgated by Order No. R-2051 shall remain in full force and effect until September 1, 1964.

(2) That this case shall be reopened in August, 1964, at which time the applicants may appear and show cause why the subject pool should not be developed on 160-acre units.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2355
Order No. R-2051-C

APPLICATION OF H. L. BROWN, JR.
AND CLEM E. GEORGE FOR ESTABLISH-
MENT OF SPECIAL RULES AND REGULA-
TIONS FOR THE BLUITT-WOLFCAMP GAS
POOL, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on August 5, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 11th day of August, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-2051, dated August 29, 1961, temporary Special Rules and Regulations were promulgated for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico.

(3) That by Orders No. R-2051-A and R-2051-B, said temporary rules were continued in full force and effect until September 1, 1964.

(4) That pursuant to the provisions of Order No. R-2051-B, this case was reopened to allow the operators in the subject pool to appear and show cause why the Bluitt-Wolfcamp Gas Pool should not be developed on 160-acre units.

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CASE No. 2355

Order No. R-2051-C

(5) That in 1961 one well in the subject pool was connected to a pipeline and that no additional wells have subsequently been connected.

(6) That the operators in the subject pool will not be able to gather sufficient reservoir information to establish the area that can be efficiently and economically drained and developed by one well until additional wells have been connected to a pipeline.

(7) That the temporary Special Rules and Regulations promulgated by Order No. R-2051 should remain in full force and effect until six months after the next pipeline connection in order to allow the operators in the pool to gather additional reservoir information.

(8) That the operator of the next well connected to a pipeline in the Bluitt-Wolfcamp Gas Pool should notify the Commission in writing of such fact, and that the Commission should thereupon issue a supplemental order designating an exact date for reopening this case.

IT IS THEREFORE ORDERED:

(1) That the Special Rules and Regulations governing the Bluitt-Wolfcamp Gas Pool promulgated by Order No. R-2051 are hereby continued in full force and effect until six months after the next pipeline connection in said pool.

(2) That the operator of the next well connected to a pipeline in the Bluitt-Wolfcamp Gas Pool shall notify the Commission in writing of such fact and that the Commission will thereupon issue a supplemental order designating an exact date for reopening this case.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

EXAMINER HEARING

IN THE MATTER OF:
CASE 2355

TRANSCRIPT OF HEARING



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 8, 1962

EXAMINER HEARING

IN THE MATTER OF:)
Application of H. L. Brown, Jr., and Clem E.)
George for establishment of special rules and)
regulations for the Bluit-Wolfcamp Gas Pool,)
Roosevelt County, New Mexico. Case 2355 will)
be reopened pursuant to Order No. R-2051 to)
permit the applicant and other interested par-)
ties to appear and show cause why the Bluit-)
Wolfcamp Gas Pool should not be developed on)
160-acre proration units.)

CASE NO.
2355

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF PROCEEDINGS

MR. NUTTER: Call next case, 2355.

MR. FLINT: In the matter of the application of H. L. Brown, Jr., and Clem E. George for establishment of special rules and regulations for the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico.

Mr. Examiner, the applicant has requested that this case be continued until the last examiner hearing in August.

MR. NUTTER: Case 2355 will be continued to August the 29th at the same place.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
AUGUST 9, 1961

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF: -----

Application of H. L. Brown, Jr. and
Clem E. George for establishment of
special rules and regulations in the
Bluitt-Wolfcamp Gas Pool, Roosevelt
County, New Mexico. Applicants, in
the above-styled cause, seek the
establishment of special rules and
regulations in the Bluitt-Wolfcamp
Gas Pool, Roosevelt County, New
Mexico, including a provision for
320-acre units in said pool.

Case 2355

BEFORE:

Daniel S. Nutter, Examiner

EXAMINER HEARING

MR. NUTTER: Call Case No. 2355.

MR. MORRIS: Application of H. L. Brown, Jr. and Clem E.
George for establishment of special rules and regulations in the
Bluitt-Wolfcamp Gas Pool.

MR. CAMPBELL: Jack M. Campbell of Campbell & Russell of
Roswell, New Mexico, appearing on behalf of the Applicant. I have
two witnesses: Mr. Brown and Mr. Aschberger. Will you stand and
be sworn.

(Witnesses sworn.)

(Whereupon Applicant's
Exhibits 1 through 8 marked
for identification.)



CLEM E. GEORGE,

called as a witness herein, having been first duly sworn on oath,
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please.

A Clem E. George, Texas.

Q Where do you live?

A Midland, Texas.

Q By whom are you employed, or what is your business
association?

A I am self-employed. I am a Consulting Geologist,
Independent Oil Operator.

Q Are you associated with Mr. Brown in connection with
some properties in New Mexico?

A Yes, sir; I am.

Q Will you give the Examiner a brief resume of your
professional and educational background, please.

A I attended the University of Arizona, and graduated from
the University of Texas, Bachelor's Degree in Geology in 1947.
In 1948, I received a Master's Degree from the University of
Texas in Geology. March 1, 1948, I went to work for the Scanlon
Oil and Gas Company. I stayed with them until November of 1950,
at which time I became employed by Anderson Pritchard Corporation
in Midland, Texas, and I was employed by them until November, 1953,



at which time I became a Consulting Geologist, and all of my experience was in Midland, Texas, while with Anderson Pritchard. Most of my work was connected in New Mexico.

Q Is this the first venture that you and Mr. Brown have undertaken in the State of New Mexico?

A Yes, sir; it is.

Q Are you acquainted with the Application in this Case No. 2355 before the Commission?

A Yes, I am.

Q I hand you what has been identified as Applicant's Exhibit No. 1, and ask you to state what that is, please.

A Well, this is a photograph of the Bluit Area, which we consider in Southern Roosevelt County. We have colored the acreage which we operate in yellow, and it is in Township 737 and 837. It is also a structural contour map on the top of the Wolfcamp, which is our producing horizon in the Area. It is a combination of subsurface and geophysical information which we have. We have rather extensive geological information, and feel that this map will very closely represent our final analysis when it is drilled out.

Q On Exhibit 1, will you point out to the Examiner the wells which have been drilled on the Area covered there?

A If you will look in Section 5 of 837, the Shell Saunders was drilled in 1948. It perforated the granite, and was completed as a dry hole. In approximately 1957, in Section 27 of 737, the Felmont Oil Corporation drilled their No. 5 Bluit Unit. This



well encountered Devonian sediments, and also entered into the granite, and was completed as a dry hole at that time. Subsequently, Brown and George obtained a farmout from Felmont, and drilled a well in Section 33 which is 1980 from south and west, that is in 737, and we discovered the gas pay in the Wolfcamp horizon, and had called it the Bluitt-Wolfcamp gas. We then re-entered the old Felmont Well, we felt that the zone had been tested, but not adequately; and we ran a pipe and actually completed it as a small gas well. Approximately --

Q That well, is that, now, where is it located?

A That is in Section 27 of 737. We then drilled our No. 1 A Federal in Section 33, which is located 990 out of south and east. That is in 737 South, Section 33.

Q Now, based upon the drilling which you have done, based upon the dry holes that you have pointed out, and upon your seismic information, and the contour that you show on Exhibit 1, what do you suggest as the present boundaries of the Pool, here?

A Well, I would feel that approximately nine sections will be productive, and they would be in Sections 737, they would be Sections 27, 28, 29, 32, 33, 34, and then in 837, Sections 3, 4, and 5.

Q Now, will you explain to the Examiner the significance of the yellow coloring on the map?

A That is acreage that we have obtained from the Felmont Oil Corporation through a farmout arrangement. Actually, it was



two different farmouts, but we are the operators of that entire block, and in Section 5 of 837, in the west half, that is the only land in there. All of the other acreage is U.S. Government.

Q With regard to the subject acreage, is it true that a part of the leases contain authority to pool the acreage up to 320 acres on gas?

A Yes, sir; that is correct.

Q And do the other leases provide that the acreage will be governed by any appropriate order of the Oil & Gas Conservation Commission?

A Yes. All leases have pooling provisions and have that provision in them.

Q And with the exception of that particular half section, all the rest of the royalty is owned by the United States; is that correct?

A Yes, sir; that is correct.

Q Now, have you with you the completion data on these three wells that you refer to?

A Our first well --

Q Just a moment. I will hand you what has been filed as Exhibit No. 2, and ask you if that is a summary of the complete history of these wells.

A Yes, it is. Brown and George No. 1 Federal was drilled in Section 33,1980 from south and west line, Township 7 South, Range 37 East. A total depth was 8762 feet in granite. The



following drill stem tests were taken: This one is in the Wolf-camp from 7969 to 8000, and it was open two hours, gas-to-surface in 55 minutes, estimated at 50,000 cubic feet per day. We took another drill stem test from 8010 to 8242. It was open one hour and fifteen minutes, gas-to-surface in 7 minutes, flowed 2.2 million cubic feet of gas per day; and our completion, we perforated the following zones from 8022 to 42, 8094 to 8100, 8100 and 1424. We acidized with 500 gallons, and we had an absolute open flow potential of 16.9 million cubic feet of gas per day, plus 30 barrels of distillates per million.

Our next completion was the Brown and George No. 4 Bluitt. And that is the re-entry. The drill stem test was taken from 8069 to 8107, open one hour, recovered 90 feet of slightly gas cut mud; 30 minutes initial shut-in pressure was 2845 pounds. The flowing pressures were 75 to 155 pounds. 30-minute final shut-in pressure was 2120 pounds. This is the zone that we subsequently tested through pipe, and completed as a gas well. We perforated from 8052 to 8056, 8062 to 92, and acidized with 5,000 gallons, and had a shut-open flow potential of 470,000 cubic feet of gas per day, plus 8 barrels of distillate and 15 barrels of salt water.

Now, incidentally, we feel that we have a poor completion on this well. We ran a tracer survey and indicated that some of our acid did go down, and that is where we feel that your water is coming from; but inasmuch as we didn't have a gas marker, we



wanted to wait until some future date to remedy that situation.

We then drilled, in March and April and May of 1961, we drilled our 1-A Federal, and we tested from 7964 to 8017, open one hour, gas to surface in five minutes, cemented 150,000 cubic feet of gas, increasing to 200,000 cubic feet per day. 30-minute shut-in pressure was 850 pounds. 30-minute final shut-in pressure was 2860 pounds. We took another drill stem test from 8014 at 8069, open one hour and 20 minutes, recovered 90 feet of gas cut mud. 30-minute initial shut-in pressure 310. 30-minute final shut-in pressure, 400 pounds. We took a third drill stem test from 807 to 9157, open one and one half hours, gas to surface in three minutes, flowing at the rate of 800,000 cubic feet per day, and increasing to 525,000 cubic feet of gas per day. Recovered 270 feet of gas cut mud, 540 feet of heavy gas cut distillate and salt water cut mud, and 270 feet slightly gas cut salt water. 30-minute initial shut-in pressure was 2960 pounds, flowing pressure was 450 pounds, final flowing pressure 465 pounds. 30-minute final shut-in pressure was 2725 pounds. In our completion, we attempted, we first prepared from 8142 to 46, and acidized this zone with 500 gallons of acid. And after about three days, or four of expansive testing, the well settled down to 3000 cubic feet of gas per day, plus 52 barrels of water. We then set a drilling plug at 8105 and perforated from 7994 at 8002, 8004 to 8009, 8016 to 30, acidized with 2500 gallons, and had a shut-open flow potential of one point, I believe it's six, isn't it?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. ASCHBERGER: Yes.

THE WITNESS: 1.6 million cubic feet of gas per day, plus 50 barrels of distillate per million.

Q (By Mr. Campbell) Now, going back to your Brown and George No. 5 Bluit, that is the well you re-entered, is it not?

A Yes.

Q Do you consider that due to the mass completion job that this open flow potential is probably not as accurate as the other tests that you were able to make on the other two wells?

A Well, that is correct. We feel that it will certainly be a very similar to our 1-A Federal. It's approximately the same, and the electric log indicates the same zone porosity, and it looks like it has approximately the same porosity and permeability as our 1-A.

Q Now that you have obtained a gas market, you are contemplating going in and doing remedial work on that well?

A Yes; that is correct.

Q Now, you have electric logs, do you, on those three wells?

A Yes.

MR. CAMPBELL: If the Examiner please, I would simply like to offer these three logs, Exhibit Numbers 3, 4, and 5, which correspond to the complete history data that the witness has given. I will just offer these in evidence for the record, here.

MR. NUTTER: Very good.



MR. CAMPBELL: I have extra copies of those if the Examiner wants them.

Q (By Mr. Campbell) Now, have you prepared cross-sections of the wells that have been drilled in this Area?

A This cross-section.

Q Have you prepared them?

A Yes.

Q I refer you to what has been identified as Exhibit No. 6, and ask you to state what that is, and explain it to the Examiner, please.

A This is a cross-section, and it starts with, on the left hand side, it starts on the north, there, and I have circled the wells with a red circle, incidentally, on this one. The wells that are in this cross-section go from the Felmont No. 5 Bluitt to the Brown and George No. 1 Federal to the No. 1-A Federal, and down to the Shell Bluitt Unit No. 1, which is in Section 14. I think this graphically illustrates the zone of porosity. It has a perforation on each log, that we have perforated, and where we are producing these wells. It indicates that our zone of porosity exists all the way to the Shell Bluitt Well No. 1, over in Section 14.

Q Does it confirm, generally, your contour that appears on Exhibit 1 on top of the Wolfcamp?

A Yes, it does.

Q And does it satisfy you that this gas is all being pro-



duced from the same reservoir?

A Yes, it does.

Q Now, when did you complete your wells in this pool?

A We completed our first well, the No. 1 Federal, in September of 1959.

Q At that time, were you able to obtain a market for your gas?

A No, we were not.

Q Where was the nearest pipeline outlet for your gas at that time?

A Well, Sinclair had a line down at Gladiola which, I believe, was about 14 miles away at the time; and then shortly thereafter, they did come up and take gas from the Bluit-Pennsylvanian. And then, El Paso was approximately 30 to 33 miles away at that particular time.

Q So for a period from 1959 until now, you have been unable to market any gas from these properties; is that correct?

A That is correct.

Q Have you now obtained a market outlet for your gas?

A Yes. We started negotiating with Transwestern, I'd say, probably in November of 1960; and it has taken quite a while, as you know, to get it all through the Federal Power Commission, but the contract has been approved by the Federal Power Commission, and the line is ready to take gas, and we expect to deliver gas within the next 10 days.



Q Forgetting for the moment that you had your investment there for a period of two years before you were able to market any gas, have you made any economic calculations as to the payout of these wells on the basis of the assumption that you will be able to sell gas to them on a payout on the 160-acre spacing?

A Yes, I have.

Q Will you state to the Examiner what those calculations are, and what the payout would be?

A Well, in our contract, our take is based on reserves, and the reserves of our first two wells would indicate that on a 160-acre spacing we would be allowed to produce approximately 500,000 cubic feet of gas per day. So what I have done, assuming 30 barrels of distillate per million, which actually I'm sure would decrease slightly as time goes along, our price would be 16 cents per thousand. The distillate price would be \$2.36 net after trucking and taxes. The cost of the wells \$130,000.00. I have figured a gross gas income of \$2,100.00 per month. And, I would anticipate that we would have \$300.00 of expenses that would be taxes and lifting costs, and net gas income per month of \$1,800.00. Now, I have figured out our payout on 160 acres without any distillate income, and that figures out 72 months. The reason I have done this, in our gas contract, Transwestern has a provision that they do not have to take any gas for the first four years. They will, however, pay us for gas. I mean, it's a take-or-pay contract, so we would receive money for our gas, but we would not be pro-

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ducing. And then, the contract is a 25-year contract, and they would have a provision to make it up out of one quarter of our runs in the next 21 years. Knowing the situation, we probably wouldn't get to produce a great deal of gas in the next, possibly the next four years. Their situation is that they have quite a bit of gas to take, and apparently not a real healthy market at the present time. So, and of course, you may know that it's tied in with the Bluit-Pennsylvanian Field, and of course, they are committed to take the gas from these wells in the Bluit-Pennsylvanian since it is casing head gas, and I feel that that was a hedge, so that if they just absolutely had too much gas they wouldn't be taking ours.

MR. NUTTER: Is that the casing head gas that goes to Nerberg & Ingram Gasoline Plant?

THE WITNESS: That is correct.

MR. NUTTER: And it, presumably, would get priority, the gas well gas?

THE WITNESS: That is correct.

Q (By Mr. Campbell) So you have made the calculations based upon the assumptions that you will have no distillate income, which is possibly here, and that you will have distillate income assuming you will have production of gas.

A That is right. I did go ahead and made a computation on distillate production if we do sell gas. The distillate income would be \$929.25 per month, and that would, on a 160-acre spacing,



our estimated payout would be 47.6 months.

Q So if you sold your distillate, and discounting the fact that your wells have been shut-in for some two years, you would have about a four-years' payout on about a 160-acre spacing; is that correct?

A That is correct.

Q If you did not sell your distillate --

A Incidentally, when I figured this, I used 87.5. Well, we don't actually have an 85 lease. Some of our leases are burdened with a 16, so I didn't realize that you could figure it that other way.

Q And if you were permitted to develop the properties on 320-acre spacing, of course, you would have return of your investment in half the time that is indicated on this calculation; is that correct?

A That is correct.

Q And would you be able to develop the reservoir more rapidly if you were permitted to develop it on 320-acre spacing than on 160-acre spacing?

A Yes, we would.

Q Now, do you have any suggestions as to the type of pattern that you would prefer in the event the Commission sees fit to authorize 320-acre spacing and proration unit in this Area?

A Well, we would prefer a flexible pattern that would allow us to, say, run our proration units, say, in one section



north south or in the other section east west and we feel that would be a much greater advantage to us to get the most effective and efficient drainage of our reservoir.

Q Since you own the interests, and are the operators, and the Government is the owner of royalty under or most of the entire area, that would not adversely affect any correlative rights, would it?

A No. There would not be any royalties affected.

MR. CAMPBELL: I would like to offer Applicant's Exhibits 1 through 6.

MR. NUTTER: Applicant's Exhibits 1 through 6 will be entered in evidence.

(Whereupon Applicant's Exhibits Numbers 1 through 6 received in evidence.)

MR. CAMPBELL: That is all the questions I have of this witness at this time.

MR. NUTTER: Does anyone have any questions of Mr. George?

MR. MORRIS: Yes, sir.

Q (By Mr. Morris) Mr. George, are you asking the Commission for a permanent 320 acre --

A Yes, we are.

Q Do you feel that the information you have on drainage and efficiency of drainage at the present time justifies such an order?



A I think it does. We have additional engineering information that will substantiate it.

Q The other witness will testify?

A Yes. He is going to testify on the drainage factor. I might say to the Commission that we are seeking a permanent order and feel that the testimony is sufficient. Of course, if the Commission feels to the contrary, we would certainly go along with a temporary order if that seems to be the appropriate thing.

MR. MORRIS: I forgot you had another witness. No further questions. Thank you.

MR. NUTTER: First, I want to get these Exhibits straight. The ones, I have don't seem to have numbers on them.

MR. CAMPBELL: He was using the original ones. That is Exhibit 1, yes, sir.

MR. NUTTER: The completion history is Exhibit No. 2?

MR. CAMPBELL: That is right.

MR. NUTTER: The three logs are Exhibits 3, 4, and 5?

MR. CAMPBELL: Yes, sir. Here are the originals, Mr. Examiner, with the marks on them, and then Number -- Do you have another one?

MR. NUTTER: Payout.

MR. CAMPBELL: No. 6. I didn't offer the payout in evidence. I can. We simply prepared that for the Commission to refer to.

MR. NUTTER: The cross-section in 6, I guess.



MR. CAMPBELL: Is that the original, here? Here is the other one. Do you have all of the marked ones, then?

MR. NUTTER: And then, the payout, if you offer that, it would be Exhibit 7.

MR. CAMPBELL: If we offer it. I didn't offer it in evidence. I certainly have no objection to it. I was just using it for him to refer to. I previously gave all the figures on it.

Q (By Mr. Nutter) Mr. George, first of all you stated that with the exception of the west half of Section 5, that this was Federal acreage. Isn't Section 32 up there in 737-A State Section?

A Section 32 in 737. Well --

MR. CAMPBELL: The answer is that it is State.

MR. NUTTER: Now, you stated that you believed that 9 sections here would be productive. Has a gas pool been created by the Oil Conservation Commission for the Bluitt-Wolfcamp Area?

MR. CAMPBELL: The name has been designated, but we have not included the acreage, I am sure.

MR. NUTTER: Has the Oil Conservation Commission designated a name for it?

MR. NUTTER: Off the record.

(Discussion off the record.)

MR. NUTTER: Back on the record.

Mr. George, the Commission's records reflect that the Commission has created a pool, here, the Bluitt-Wolfcamp Gas Pool,



and has delineated the horizontal limit to be the Southwest Quarter of Section 33. You are not, at this time, seeking to have this pool extended to cover those 9 sections which you believe to be productive?

A No, sir.

Q The yellow acreage, as I understand it, covers the acreage under which you have operating rights; is that correct?

A Yes.

Q Do you have any intention of attempting to re-enter and complete the old Shell Saunders Well?

A Yes, we do.

Q Inasmuch as you believe that the old Bluit Unit No. 5 has a bad cement job, and that the water may be coming from a lower formation, you don't think that this well has penetrated the water table in the Wolfcamp?

A I would say that we have probably established the water table in our 1-A, if you recall, when we tested it in those lower perforations.

Q Yes, sir. That is interval 8072 to 8157?

A No, sir. In the one we have tested a zone from 9143 to 8147, and we did get gas and water, and we feel that is our water table. I put a mark on Exhibit 1 showing a water table of 4085.

Q Well, that drill stem test from 72 to 157 made water, too, didn't it?

A On which well?



A On the 1-A when you recovered 800,000 cubic feet of gas per day.

A That is the zone that we were testing. You see, that is where the water was coming from.

Q And then, you perforated 8143 and made 52 barrels of water in there?

A That is correct. The drill stem test covered the interval that we subsequently tested, but through pipe, and that is where we feel our water table is.

Q Now, this estimate of payout is based strictly on what you would anticipate you would be able to sell to the pipeline. It is not based on any actual reserves that are in the ground?

A We have an estimate of our reserves by the Transwestern Pipeline already; and so consequently, that is exactly what we will get to deliver. It may be just a few thousand one way or the other, but it is very, very close to half a million.

Q Now, will the other witness testify as to the actual reserves that you estimate are in place?

A We hadn't planned to, but we can. We have the letters. Transwestern made the estimates on June 5 on our No. 1 Well, and we are going by their reserve estimates.

Q Do you have any core data?

A We cored the No. 1-A.

Q So you have some porosity and permeability and water saturation factors?



A Yes, sir.

Q Now as I understand it, you prefer a flexible pattern with the units running either north, south, east, or west, and you propose that the wells could be drilled in any Quarter section.

A Yes, that is correct. Two wells to each section, of course.

Q But the well could be drilled in either end of the 320-acre unit.

A Yes, sir; that is correct.

MR.NUTTER: Are there any other questions of Mr. George?

MR. CAMPBELL: I might say this, Mr. Examiner, that it would appear that if it were a fixed pattern, that the order would have to probably make the appropriate exceptions for the existing wells.

MR. NUTTER: There is already one.

MR. CAMPBELL: If it were on a fixed pattern, this is, sir.

MR. NUTTER: If there are no further questions of Mr. George, he may be excused.

MR. CAMPBELL: Mr. Aschberger.

LAMAR ASCHBERGER,

called as a witness herein, having been first duly sworn on oath, was examined and testified as follows:



DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please.

A LaMar Aschberger.

Q Where do you live?

A At Midland, Texas.

Q What is your profession?

A Petroleum Engineer.

Q Are you a Consultant?

A Yes, I am.

Q Will you give the Examiner a brief resume of your educational and professional background, please.

A I graduated with a degree in Petroleum Engineering from the University of Texas in 1947. I worked for Gulf Oil Corporation till 1948, and then in the Engineering Department of the Railroad Commission in Midland till 1949; and since that time I have been with --

Q In your capacity as a Consulting Petroleum Engineer, have you been employed by H. L. Brown and George to examine some data from tests taken on wells involved in this application?

A I have been consulting.

Q Will you state to the Examiner what data has been available to you?

A The data I had available to me was the core analysis on the Federal 1-A, back pressure tests on the Federal No. 1



and 1-A, and Well No. 5.

Q There was no production history available to you, was there?

A None.

Q There has been no production from these properties, except for test purposes; is that right?

A That is correct.

Q Based upon the data that you had available to you, what method did you decide to employ to determine the radius of drainage in this particular --

A I used a radius of drainage formula for the horizontal study states single-phase flow of compressible fluid. And referring to that as Silver and Oil Reservoir Engineering. It is the regular radial flow formula for Muscat, and the data to shut into that formula comes from the back pressure tests and core analysis.

(Whereupon Applicant's Exhibits 7 and 8 marked for identification.)

Q (By Mr. Campbell) I refer you to what has been identified as Exhibits 7 and 8, and ask you to please state what those are?

A Exhibit 7 shows a calculation of the radius of drainage for this well based on the information obtained from the back pressure tests and core analysis, and it shows approximate radius of drainage of 500 feet, radius of drainage for 320 acres



would be 2,040 feet. And I realize that this formula would not be entirely accurate and all reservoirs not uniform throughout, which is the basis of this formula, but it is a good indication of the Area that the well would be capable of draining.

Q Now, on your Federal 1-A, which is the well, I believe you said, was cored. What factor did you use for permeability?

A I averaged the permeability.

Q And what did you come up with on permeability?

A On 1-A, .28, which is rather low, but --

Q Even with that low permeability on this calculation, you found a drainage area of an excess of 320 acres; is that correct?

A That is correct.

Q At what permeability -- that of course, is a measured permeability on your core analysis; is it not?

A That is correct.

Q And what permeability did you use on your Well No. 1, which is Exhibit 7?

A Well No. 1 on the test indicated that it was much more productive. It has a greater shut open flow, and I used the permeability there, estimated permeability of 1.6 millidarcies. This is also very low, and I believe a reasonable assumption.

Q And what other factors in your calculations did you have to assume?

A That was the only factor. The other data are available



from the back pressure tests on the well.

Q In the absence of production history and bottom hole pressure information in connection with it, do you believe that this is a reasonable formula for ascertaining the drainage area in a reservoir?

A Yes, sir; I do.

Q And based upon your calculations on this formula, is it your opinion that one well in this reservoir will adequately and efficiently drain at least 320 acres of gas?

A I believe it will.

MR. CAMPBELL: I would like to offer Applicant's Exhibits 7 and 8 in evidence, and turn the cross-examination over.

MR. NUTTER: Brown and Georange's Exhibits 7 and 8 will be entered into evidence.

(Whereupon Applicant's Exhibits 7 and 8 received in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Aschberger?

MR. MORRIS: No.

MR. NUTTER: How do you spell your name, Mr. Aschberger?

MR. ASCHBERGER: A-s-c-h-b-e-r-g-e-r.

Q (By Mr. Nutter) Now, Mr. Aschberger, on your pressure at the external edge of the radius of drainage, how did you determine that?



A That would be the original reservoir pressure, and since there has been no gas produced from this reservoir, why, that would be the shut-in pressure of the well calculated back to the standard phase.

Q Well, how do you account for the pressure being 2990 in one well and 3740 in the other one?

A That was the pressure that was obtained when they took the back pressure test, and that is the best thing I have to go on, and I did not want to assume another figure when we did have an accurate stabilized back pressure test to base it on. I could have assumed an average pressure for the reservoir, but I feel this would be more accurate.

Q What is determined to be the actual virgin pressure of this reservoir?

A About 3,200 pounds.

Q Which would be close to this 3174 that the one well shows?

A Yes, sir.

Q Now, Mr. George a moment ago stated that you did have some data on actual reserves.

A Yes, sir.

Q I wonder if you would go into that a little bit, please.

A Well, this is the reserve calculations for the Federal A-1.

MR. CAMPBELL: Do you have copies of this?



THE WITNESS: I do.

MR. CAMPBELL: We certainly have no objection to putting those in evidence.

THE WITNESS: And for the Federal No. 1 and Well No. 5, I have the letter from Transwestern Pipeline. It does not show a determination of the reserves, but simply states what they are.

MR. CAMPBELL: Will you please mark this Exhibit 9.

(Whereupon Applicant's Exhibits 9 and 10 marked for identification.)

Q (By Mr. Campbell) Mr. Aschberger, I refer you to what have been identified as Exhibit 9 and Exhibit 10, and ask you to state what those are. The first one is the calculation, and the second one is the Transwestern letter.

A No. 9 is a calculation from core analysis and for the Federal A-1 and the back pressure test data is given here, and calculation is made as to the reserves in place. I did not make this calculation.

Q What does the calculation show?

A It shows a reserve of nine billion forty four million cubic feet.

Q Are you acquainted with the contract, with the formal contract Transwestern uses in connection with the purchase of gas?

A Yes, sir.

Q Is it correct that the amount of gas which they will



take, or are required to take under their contract, is in relation to the calculated reserves?

A That is correct.

Q And what is Exhibit 10?

A No. 10 is a letter from Transwestern Pipeline to H. L. Brown, Jr., in which they give their calculated reserves for Well No. 5 Federal Bluit, and Well No. 1 Federal. The reserves for the No. 5 Federal, eight billion four hundred million; No. 1 Federal, ten billion eight hundred million.

MR. CAMPBELL: We will offer Exhibits 9 and 10 in evidence, Mr. Examiner.

MR. NUTTER: Exhibits 9 and 10 will be entered into evidence.

(Whereupon Applicant's Exhibits 9 and 10 received in evidence.)

Q (By Mr. Nutter) Mr. Aschberger, who made the calculation of the reserves as shown on Exhibit 9?

MR. CAMPBELL: Off the record, here.

(Discussion off the record.)

MR. NUTTER: Back on the record, and Mr. Aschberger can answer these questions.

Q (By Mr. Nutter) Mr. Aschberger, who prepared the reserve calculations as shown on Exhibit 9?

A Mr. Black.

Q Would you state who Mr. Black is, please?



A He is a Reservoir Engineer, Snyder, Texas.

Q And I presume he was requested by Mr. George or Mr. Brown to make a reserve computation for this Area?

A That is correct.

Q Now, the reserves as shown on here are nine billion standard cubic feet. Is that for 320 acres?

A Yes, sir; that is correct.

Q Now, the other computation of reserves by Transwestern Pipeline Company are for how many acres?

A 320 acres.

Q That is also for 320 acres?

A Yes, sir.

MR. NUTTER: Off the record.

(Discussion off the record.)

MR. NUTTER: Back on the record. Does anyone have any further questions of Mr. Aschberger? He may be excused. Do you have anything further, Mr. Campbell?

MR. CAMPBELL: No. I believe I have offered all of the Exhibits in evidence, here. If I haven't, I now offer them.

MR. NUTTER: I think they have already been offered. If they haven't, they are admitted. Does anyone have anything further they wish to offer in Case 2355? We will take the case under advisement, and the Hearing is adjourned.

(Whereupon the Hearing of Case 2355 was concluded at 3:30 P.M.)



DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 9, 1961

9:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, as Alternate Examiner:

CASE 2345: Application of Continental Oil Company for the establishment of Special Rules and Regulations for the Rattlesnake-Pennsylvanian Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of special Rules and Regulations for the Rattlesnake-Pennsylvanian Pool in San Juan County, New Mexico, including a provision establishing 80-acre proration units for said pool.

CASE 2346: Application of Pan American Petroleum Corporation for an order pooling all mineral interests in the Basin-Dakota Gas Pool in the S/2 of Section 24, Township 29 North, Range 12 West, San Juan County, New Mexico.

CASE 2347: Application of Pan American Petroleum Corporation for two non-standard oil proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of two non-standard oil proration units in the Totah-Gallup Oil Pool, San Juan County, New Mexico, one unit consisting of the East 82.56 acres and one unit consisting of the West 82.56 acres of that portion of the N/2 of Section 14, Township 29 North, Range 14 West, lying South of the mid-channel of the San Juan River, to be dedicated to applicant's Navajo Tribal "H" Well No. 11, located 2090' from the North line and 1840' from the East line of said Section 14, and to applicant's Navajo Tribal "H" Well No. 12, located 1830' from the North line and 810' from the West line of said Section 14, respectively.

CASE 2348: Application of The British-American Oil Producing Company for an amendment of Order No. R-1638. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1638, which order established special rules and regulations for the operation of the West Bisti Pressure Maintenance Project, in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, to grant top unit allowables to injection wells in said pressure maintenance project.

- CASE 2349: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Brunson, Drinkard, Hare, Wantz Abo, Paddock, Penrose-Skelly, McCormick and undesignated San Andres Pools on its E. O. Carson lease in Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE 2350: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Terry-Blinebry and Wantz Abo Pools, and from other zones which may become productive on its Stephens Estate lease, comprising the SW/4 of Section 24, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE 2351: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas and Drinkard Pools on its S. E. Long lease comprising the SE/4 of Section 11, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests.
- CASE 2352: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Drinkard, Paddock and Penrose-Skelly Pools on its Cordelia-Hardy lease, comprising the NW/4 of Section 29, Township 21 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.
- CASE-2353: Application of Socony Mobil Oil Co., Inc. for an exception to Rule 303 (a), Lea County, New Mexico. Applicant, in the

CASE 2353: (Cont.)

above-styled cause, seeks an exception to Rule 303 (a) to permit commingling of the production from the Blinebry Gas, Tubb Gas, Brunson, Drinkard, Penrose-Skelly and Paddock Pools on its Brunson-Argo lease, comprising the NE/4 of Section 9 and the NW/4 of Section 10, all in Township 22 South, Range 37 East, Lea County, New Mexico. Applicant proposes to allocate production on the basis of quarterly well tests and to meter top allowable wells.

CASE 2354:

Application of Socony Mobil Oil Co., Inc. for permission to dispose of produced formation water, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to dispose of produced formation water into the Pennsylvanian Bough "C" formation through its Santa Fe "B" Well No. 1, located in the SW/4 of Section 28, and through its Santa Fe "E" Well No. 1, located in the NE/4 of Section 29, all in Township 9 South, Range 36 East, Lea County, New Mexico.

CASE 2355:

Application of H. L. Brown, Jr. and Clem E. George for establishment of special rules and regulations in the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico. Applicants, in the above-styled cause, seek the establishment of special rules and regulations in the Bluit-Wolfcamp Gas Pool, Roosevelt County, New Mexico, including a provision for 320-acre units in said pool.

you that could be entered into the records. It's all in detail.

MR. NUTTER: Would you identify yourself, please?

MR. BROWN: My name is H. L. Brown, Junior. I'm from Midland.

MR. NUTTER: And you represent H. L. Brown, Jr., and Clem George in this case?

MR. BROWN: Yes.

MR. NUTTER: You are part-owner of the gas well that's completed in the Bluit Gas Pool?

MR. BROWN: Yes, I am.

MR. NUTTER: Proceed.

MR. BROWN: Off the record.

(Whereupon, a discussion off the record was held.)

MR. BROWN: I came to attempt to show cause, of course, which I do not have enough information. The problem in the Bluit-Wolfcamp Gas Field is that we are tied in with Transwestern Pipeline Company, and they have not seen fit to connect but one of our wells, and to date, out of this one well they have run within the last twelve months 65,357,000 cubic feet of gas. There are presently three wells in the Bluit-Wolfcamp Gas Field, only one of which is connected, that being the H. L. Brown, Jr. and Clem E. George No. 1 Federal, located in Unit K, Section 33, Township 7 South, Range 37 East.

In order to show cause for development on 320 acres, you should be able to show pressure decline between wells and



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well performances, and due to the fact there has been no gas run out of two of the wells due to no connection, and due to the fact that such a small amount of gas has been run out of the one well that has been connected, it is requested that the 320-acre spacing which was temporarily granted be extended for one more year, hoping within that time that Transwestern will see fit to connect our remaining two wells and take sufficient gas to where we can investigate pressure decline and drainage among the wells.

I have presented to you a chronological description of all the activities in the field, along with the monthly production history of the one well that is connected. Do you want me to go ahead and read this whole thing into the record, or would you rather that I just submit it?

MR. NUTTER: What further data do you have there, Mr. Brown?

MR. BROWN: Nothing of importance, sir.

MR. NUTTER: Before you go into that, maybe I could ask you a couple of questions. Now on August 9th of last year, we had the first hearing on this case?

MR. BROWN: Correct.

MR. NUTTER: How many wells had been completed in the pool at that time?

MR. BROWN: As of August 9th, there were three wells completed at that time.

MR. NUTTER: There were three at that time?



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MR. BROWN: Yes, sir.

MR. NUTTER: I believe the record of that hearing will show that you expected to get a connection for one of the wells within ten days. When was that well connected?

MR. BROWN: The actual well was connected on -- let's see, the actual connection took place on August 9th. Excuse me, correction, I am sorry, August 9th, 1961.

MR. NUTTER: So it was connected the day of the hearing?

MR. BROWN: Correct.

MR. NUTTER: During the course of the last six months, 65,000,000 cubic feet of gas have been run?

MR. BROWN: 65,357,000 cubic feet.

MR. NUTTER: There are no connections for the other two wells?

MR. BROWN: No, sir. It's just a matter of information. We have tried every way in the world to get them to connect it and we've tried to get them to run some gas, but to no avail. They are under contract to do all these things but they just haven't done them.

MR. NUTTER: So actually, the situation as far as pressure decline or well interference or drawdowns or anything like that is concerned, the situation is pretty much the same as it was last year?

MR. BROWN: Yes, sir.



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MR. NUTTER: And you would seek an extension of these temporary rules for a period of one year, hoping that in the interim you would be able to gather more information?

MR. BROWN: To be perfectly truthful, I feel like I'll be right back here next year asking for the same thing. Trans-western has just got their problems, as a lot of people in our part of the country know. I don't see much hope for them to run much gas; and of course, they're employing every kind of delaying tactic they can not to connect wells, and they just got their problems.

MR. NUTTER: How have these takes been running? Have they been small takes over the entire period of time, or has it been sporadic with large takes and then no takes, or what?

MR. BROWN: No, sir, the smallest month was 1,800,000. The largest month, which was February, was 12,000,000.

MR. NUTTER: Do you have your monthly production there?

MR. BROWN: Yes, sir.

MR. NUTTER: That will be part of the record; we will introduce that as an exhibit in this case.

MR. BROWN: Yes. To answer your question more specifically, they normally run the gas about a million a day until these amounts have been run, a million to a million and a half. That one month in February, of course, was the best month, and you can see by the record that it goes all the way down to a million eight, which is hardly -- I mean from an engineering



standpoint or reservoir characteristics, it just doesn't show anything.

MR. NUTTER: I'd rather be producing that per day than per month.

MR. BROWN: That's right. Under the contract, this well that is connected is supposed to deliver approximately 1.4 million per day. You see, they run approximately two months runs here in twelve months.

MR. NUTTER: We had some testimony at the last hearing regarding the geology and certain engineering data on the wells. Has anything transpired in the last year that would cause that information to be changed?

MR. BROWN: Possibly only as to the extent of the productive limits of the field. We drilled another well, the Brown and George No. 1 H. P. Saunders Estate, and it was completed September 19, 1961. We drilled it 9565 and it was dry in the gas zone and considerably lower than we had anticipated.

MR. NUTTER: What direction is it from the production?

MR. BROWN: West.

MR. NUTTER: West of it. As far as the other information that you had last year --

MR. BROWN: Virtually no change.

MR. NUTTER: Virtually no change?

MR. BROWN: That's right. We have had to kind of shelf our activities, you know, in response to their unwillingness



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to run this gas. You just can kind of go so far, and then you need to watch yourself, too.

MR. NUTTER: Does anyone have anything further they wish to ask Mr. Brown? Would you offer that as an exhibit?

MR. BROWN: Yes, sir, I do. It is not sworn to or an affidavit, it's just something I typed up.

MR. NUTTER: We will mark that as Exhibit 1-A in this case.

(Whereupon, Applicant's Exhibit 1-A marked for identification.)

MR. BROWN: Is there a possibility that it could be permanently granted?

MR. NUTTER: We don't have sufficient information to put it on a permanent basis, Mr. Brown.

MR. BROWN: Fine.

(Whereupon, Applicant's Exhibit 1-A admitted in evidence.)

MR. NUTTER: Does anyone have any questions? Does anyone have anything further they wish to offer in Case 2355? We will take the case under advisement.

* * * * *



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING - DANIEL S. NUTTER

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE

AUGUST 29, 1962

TIME:

9 A.M.

NAME:

REPRESENTING:

LOCATION:

Richard J. Morris
W. E. Fryman

Shell oil
Shell Oil

Santa Fe
Roswell NM

Al. M. Cannon
B. A. Brown
Fred Van Matre

Conoco
Conoco
Conoco

Bellingo, Montana
Durango, Colo.
Durango, Colo.

A. M. SWARTHOUT
R. D. Vassar

Atty - Rep. Goodman et al
case 7623

Louington, N.M.

W. H. Lind

Shell

Roswell

D. J. M. Guth

W. K. Byrum

Holt, NM

R. E. Fox

U. S. G. S.

Farmington

H. L. Brown

Cont Oil Co

Santa Fe

William M. Huff

H. Braun & Co. R. George

M. Oland for
Denver, Colo.

John B. D. ...
ED NORTON

Continental Oil Co

El Paso Nat Gas Products Co

El Paso, Texas
Farmington, N.M.

Lee Ayers

" " " " "

EL PASO, TEX

JACK L. TINDALL

KERN COUNTY LAND CO

SAN FRANCISCO, CALIF

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING - DANIEL S. NUTTER

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE AUGUST 29, 1962 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
W. P. Tomlinson Chris LeFram Douglas W. Cunningham Charles White R. A. Montgomerie	Atlantic Ref. Co. Atty. Sinclair Oil & Gas Co. Pres Self	Roswell Albuquerque, Midland, Texas Santa Fe Hobbs

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1963

EXAMINER HEARING

IN THE MATTER OF: (Reopened))
)
 Case 2355 being reopened pursuant to the)
 provisions of Order No. R-2051-A, which)
 order extended the temporary 320-acre) Case 2355
 proration units for the Bluitt-Wolfcamp)
 Gas Pool, Roosevelt County, New Mexico,)
 for a period of one year. All interested)
 parties may appear and show cause why)
 said pool should not be developed on 160-)
 acre proration units.)

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please. The first case on the docket will be a continued Case 2355.

MR. DURRETT: In the matter of Case 2355 being reopened pursuant to the provisions of Order No. R-2051-A, which order extended the temporary 320-acre proration units for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico, for a period of one year.

If the Examiner please, the Commission has received a letter from Mr. H. L. Brown, Junior, representing the, not the Applicant as the case was called on the Commission's own motion, but he

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would like to appear and present testimony in this case. I will read this letter in full, with your permission.

MR. UTZ: Go ahead.

MR. DURRETT: "The captioned case is scheduled to be heard at your monthly hearing on August 7, 1963. It is respectfully requested that this case be carried over to your hearing on August 21, 1963, at which time I will personally appear and reveal August current facts concerning the above case. Very truly yours, Brown and George, H. L. Brown, Jr."

On the basis of this letter I will move the Examiner to continue the case.

MR. UTZ: The case will be continued to the last Examiner hearing in August, which I believe is the 21st.

Case 2871 will be postponed for lack of counsel at the moment. Cases 2872, 2873 and 2874 will be moved down to be heard after 10:00 o'clock so that a Land Office representative can be available.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

EXAMINER HEARING

IN THE MATTER OF:

(Reopened and continued from August 7, 1963
examiner hearing) In the matter of Case
2355 being reopened pursuant to the provi-
sions of Order No. R-2051-A, which order
extended the temporary 320-acre proration
units for the Bluit-Wolfcamp Gas Pool,
Roosevelt County, New Mexico, for a period
of one year. All interested parties may
appear and show cause why said pool should
not be developed on 160-acre proration
units.

Case No. 2355

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

August 21, 1963.

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SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



MR. NUTTER: The hearing will come to order, please.
The first case will be 2355.

MR. PAYNE: In the matter of Case 2355 being reopened pursuant to the provisions of Order No. R-2051-A, which order extended the temporary 320-acre proration units for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico, for a period of one year.

(Witness sworn.)

H. L. BROWN, JR.

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

DIRECT EXAMINATION

BY MR. NUTTER:

Q Would you state your name and position in this matter, please?

A My name is H. L. Brown, Junior. I am an operating co-owner of three wells in the Bluitt-Wolfcamp Gas Pool operated under the name of myself and Clem E. George.

Q And you are appearing here as a witness in your own behalf then, is that correct?

A Yes, sir.

Q Would you proceed with your testimony, please?

A At the last hearing, which was held here a little over



a year ago I was to show cause why 320-acre spacing should be allowed in this field. At that time I testified that Transwestern, who is our sole purchaser of gas in the field at that time had only connected one well. The No. 1 Federal, it was connected August 9th, 1961. I testified at that time that Transwestern, from August, '61 to July of '62, had purchased only 65,357 MCF of gas, which is approximately two months of runs of gas. I had no interference evidence or pressure drawdown evidence between any two of the three wells in the field, in that only one well had been connected.

I come today to testify on any possibility of new evidence. I can say that Transwestern has yet connected no other well, there is still but the one well connected. From August, '62 till July 31 of '63 they have purchased 64,087 MCF, which is again approximately two months' runs. I have no engineering evidence whatsoever to support the premises that one well would drain 320 acres.

Q Mr. Brown, what has been the runs per month?

A I would like to submit as evidence a list of the monthly runs. Of course, this can be validated or checked by the production reports which have been submitted each month.

MR. NUTTER: Let's mark this as an exhibit in this case.



(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

A During this year, I might add, that no new wells have been drilled in this field.

Q So, in other words, Mr. Brown, the status of the pool is just about what it was last year, with the exception that you have another 64 or 65,000 MCF of gas run?

A That is correct.

Q Has the producing capacity of the well that has been produced changed in any significant amount?

A No, sir, not in any significant amount. In general, I might say, that the liquid content of the gas has seemed to go up a little bit. It's produced approximately four months and it might be starting to clean up. I don't know. Anyway, our liquid content has gone up.

Q They have taken gas each month during the past year, but just a small amount each month?

A Yes, the largest month I show here is January of '63, which is 8,024 MCF.

Q What is the capacity of the well to produce?

A The capacity of this well when it was completed was given an absolute open flow of some, I'm going from memory, I don't have the records in front of me, approximately 16 million.



It's deliverability was rated by El Paso, again from memory, at approximately 8 million a day.

Q **Against** the existing line pressure in this area?

A Yes, sir, the existing line pressure by contract is a thousand pounds. It is my request, of course, I would like to have the 320-acre spacing granted, but again, I don't have any further evidence, and I guess the best thing to do is ask for an extension.

Q What is the status of the other two wells in the pool? Is there prospect of those two wells being connected to the pipeline?

A They're all under contract, and my contract covers every lease I have in the field, and under this contract Transwestern is under obligation to connect these wells. I have been met only with silence. They, according to the newspaper, have recently secured additional markets in California, and plus, I think, they have gone to the Federal Power Commission with this Trans Cities deal and should help to increase their deliverability, and should this be the case, they might be able to start taking more gas from me and possibly hooking up these other wells.

Q But you don't know of your own knowledge that their market has increased or that they will have a need for additional



gas in these wells except what you've read in the paper? They haven't indicated to you that they would have an increased demand?

A No, sir.

Q And they haven't made any efforts to connect these other two wells?

A Well, they have made efforts to this extent, they, of course, operate under a budget each year which must be approved by the Federal Power Commission as an operating budget, and each year they have requested funds to connect these wells, and these budgets have been held in suspense from what they tell me. I think Transwestern's situation is pretty well known.

Q Which is the well that's producing, Mr. Brown?

A It's in the Southwest Quarter of Section 33, Township 8 South.

Q That was the discovery well?

A Yes, sir.

Q Are you entertaining plans at this particular time to do any additional drilling in this area?

A I have no plans right at this minute. Of course, our plans would be governed by Transwestern's willingness to take the gas. If they would show any desire whatsoever we would be in there drilling now.



Q Will you drill any more wells until the other two are connected?

A That depends on this. Those are all Federal leases. A pretty good bunch of it are now held by production. There are several what I consider to be choice tracts that are not. I'd have to weigh it at the time prior to losing these things because they'd all be in KGS and would be up for bid. I, if it was to a regular landowner, I might could go to him and have some kind of a plea, but if these tracts were lost they're merely placed at sealed bid and it might be well worth our while to go ahead and drill a well with no hopes of immediate return, just based on the facts it has value.

MR. PORTER: You won't drill unless you have to?

A That's right. We have about three or four hundred thousand dollars up there now and we have run 129,000 MCF of gas.

MR. PORTER: Pretty slow payout?

A Yes, sir, it's a rather slow pay-out. We're just kind of hanging on as best we can.

MR. NUTTER: Are there any other questions of Mr. Brown?

MR. PAYNE: Yes, sir.

CROSS EXAMINATION

BY MR. PAYNE:



Q I take it, then, your application is based on adverse market conditions rather than drainage statistics?

A No, sir, our first hearing that was held here, I believe two years ago, we submitted certain reservoir data and an empirical equation whose originator felt would determine whether a well with certain reservoir conditions could drain 320 and fit in that equation, but at that time we submitted everything we could as far as porosity and permeability and drawdown tests on this particular well, and I honestly feel it would drain 320.

The other factor that is real important, I don't know if you all are concerned with it or not, is the matter of also payout. If you were to drill these wells on 160 acres, for instance, this well that's producing by agreement, and after much haggling on our part they gave this well approximately, oh, I'm going from memory because I didn't anticipate testifying on them, but somewhere let's say around 9 billion cubic feet of gas on 320.

Normal gas contract, which I think we were real lucky to get a hold of, is approximately a million cubic feet of gas per day for every 8 billion in reserves, so our take on this well on 320 acres is about, let's say a million a day. We're getting 16 cents, that's 160 bucks a day, or approximately \$480.00 a month. We are getting some distillate, 30 barrels, which is



about \$90.00 a day, which is about \$2700.00, so let's say \$2700.00 and \$4800.00 is \$7500.00 a month, and these wells cost about \$120,000 completed and equipped, and if we were to be put on 160 acres, you can see what kind of a payout it would put, because it would cut your income right square in half.

Q Since the time of the first hearing you still don't have an additional well connected so you could run an interference test?

A That's correct.

MR. PAYNE: Thank you.

BY MR. NUTTER:

Q So the original 320 was based on the empirical formulas and there just never have been any drawdown or interference tests made to confirm them?

A Yes, sir.

Q So what are you seeking at this particular time, Mr. Brown?

A I would humbly request that it be granted, but under the information that is presented and from their previous decision I feel that a request for a one-year extension is in order.

Q One-year extension?

A Yes, sir.

MR. NUTTER: Any further questions of Mr. Brown? He



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE AUGUST 21, 1963 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
H. L. BROWN JR	H. L. Brown Jr + Clem E. George	507 Midland Savng Bldg Midland Texas
R. G. HOWELL	Pan AMERICAN	LUBBOCK, TEXAS
Charles J. Malone	Atwood & Malone	Roswell
James D. Dunning		Roswell
B. A. Kelly	Ambassador Oil Corp	Ft. Worth
Gene A. Snow	John H. Trigg Co.	Maljamar, N. Mex.
Stanley H. Hinkle	Apache Corp.	Roswell, N.M.
Jason Kellahin	Kellahin & Fox	Santa Fe
Pat Peter J	O. E. C.	Santa Fe
E. F. Motter	Cities Service Oil Co	Hobbs, N.M.
B. E. Farmer	Consolidated O & G	Denver, Co
Grant E. Luby	State Engr.	Santa Fe
John H. Black	Apache Corp	Midland
Larry C. Shamer	APACHE CORP	Midland, Texas

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 5, 1964

EXAMINER HEARING

IN THE MATTER OF: Case No. 2355 being reopened
pursuant to the provisions of Order No. R-2051-
B, which order continued for one year the tem-
porary rules set out in Order No. R-2051 estab-
lishing 320-acre gas spacing units for the
Bluitt-Wolfcamp Gas Pool, Roosevelt County,
New Mexico. All interested parties may appear
and show cause why said pool should not be
developed on 160-acre units.

Case No. 2355

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



MR. UTZ: The hearing will come to order. The first case will be Case 2355.

MR. DURRETT: In the matter of Case No. 2355 being reopened pursuant to the provisions of Order No. R-2051-B, which order continued for one year the temporary rules set out in Order No. R-2051 establishing 320-acre gas spacing units for the Bluitt-Wolfcamp Gas Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 160-acre units.

MR. BROWN: I am here to answer the questions.

(Witness sworn.)

H. L. BROWN

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

DIRECT EXAMINATION

BY MR. UTZ:

Q Your name is what?

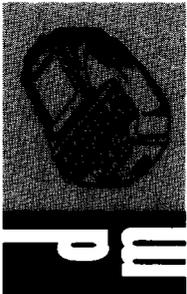
A My name is H. L. Brown -- I'm sorry, I thought you had something else. My name is H. L. Brown.

Q I call the case from the docket. If you are representing H. L. Brown, you are on.

A Yes, sir.

Q Go ahead and proceed.

A I have a continuation of the history of the Bluitt-



Wolfcamp Pool.

Q Would you state your address for the record?

A My address is 704 Vaughn Building, Midland, Texas.

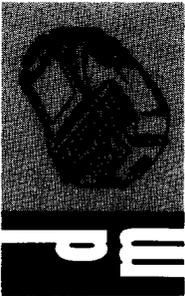
I represent myself and Clem E. George. I would like to present here Xerox copies of this continuation. It serves to exhibit that since the last hearing there have been no new wells drilled in this field. All of the acreage is under contract with Transwestern Pipe Line Company. Since the last hearing they have not connected any additional wells and during this period of time they have run 453,482 Mcf from the single well which they're connected to which is the Number 1 Federal.

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

In the previous years they had run token amounts of gas certainly insufficient to substantiate any scientific data to show that one well could drain 320 acres. In December of '63, they increased their takes substantially and continued this policy through July. We have made efforts to encourage Transwestern to connect the other two wells to no avail.

MR. PORTER: In other words you have three wells in the pool, but only one is connected at the present time?

A Yes, sir. Correct. We still feel that there is insufficient engineering data to scientifically substantiate our case for 320 acre spacing. On the Number 1 Federal



on initial test, a bottom hole pressure survey was run and at a subsea datum of a minus 4,000 feet, a pressure of 2862 pounds per square inch was recorded.

MR. PORTER: What was that pressure?

A At a subsea of a minus 4,000.

MR. PORTER: What was the pressure?

A 2862.

MR. PORTER: Thank you.

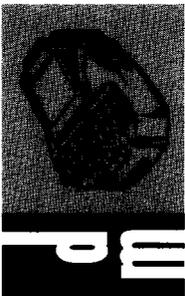
A Immediately upon cutting back of the takes by Transwestern, I again allowed the well to be shut in for one week and again ran a bottom hole pressure survey to a similar subsea datum and recorded a pressure of 2237 pounds.

MR. PORTER: That was how much later?

A The initial test was February 27, 1960, the second bottom hole pressure was run July the 16th, 1964. It was 2862 to a decline of 2237.

After a total production of approximately, well it shows on that data, you can add the production for the last year to the cumulative amount. It approximates 82,000 Mcf. The substantial quantities of distillate were also produced in association with these gases.

MR. PORTER: Mr. Brown, what well was this that you were speaking of?



A This is the only well that is connected. The Number 1 Federal. It is located --

MR. PORTER: Yes, sir, I don't need the location. That's fine.

A The closest well to the Number 1 Federal which is also completed in the same zone is the Number 1-A Federal. On it's initial test of November 9th, 1961, at a subsea datum of approximately minus 4000 some odd feet, bottom hole pressure of minus 2,731 was encountered.

On July 15, 1964, a bottom hole pressure survey was run to the same subsea datum and a bottom hole pressure of 2,914 pounds was encountered.

Q (By Mr. Utz) What was the subsea datum?

A A minus 4,000 feet.

Q What was the date of the first pressure; I missed it?

A November 9th, 1961.

Q That pressure was what?

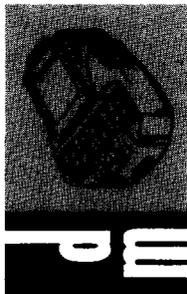
A 2,731 pounds per square inch.

Q July 15, 1964 was 2,914?

A Yes, sir. During this period, of course, the well was not opened. It had been shut in for over three years.

MR. PORTER: But you had been producing a Number 1 Federal?

A Yes, sir. I believe this necessitates an explanation, at least in my mind. This zone which we are producing from,



this is a paleontology report, but they say it's the Wolfcamp. It has scattered zones of porosity throughout the entire section. Both wells are perforated in more than one zone. It is our assumption that these zones of porosity are connected in the reservoir. This isn't necessarily true. We don't know. There is not a reservoir like this anywhere that I know of. There are Wolfcamp reservoirs down in Lea County, but this Wolfcamp reservoir, our receiving situation exists after you go up on the Matador Arch, and along that Arch I know of no other spot like this. This reservoir is a complete unknown. It may very well be that in the first well which is the Number 1 Federal that this gas and liquids could be coming from a single zone of porosity which had been successfully treated whereas the pressures and gas that we received on initial tests from the Number 1-A could be coming from another zone of porosity in the same reservoir which may not be connected. We just don't know. I feel that it's going to take more extensive tests to be able to demonstrate our connection.

MR. PORTER: More connections?

A More connections, yes, to be able to test we need to either flare it to the sky, which is wasteful, or get Transwestern to hook it up. I am, however, encouraged; this is the first extended period of take that we have had from this well, and frankly, it reacted very good I thought. The thing that leads me to

believe that this covers a pretty wide range and has good permeability and porosities is demonstrated by the amount of gas it made. We did not experience any large decline in the tubing pressures; the well hasn't made any water to speak of, and for that amount of gas to have a week shut in and only reduce the bottom hole pressure some 600 pounds, I feel like it's a pretty good reservoir.

I do not have the exact number of barrels of distillate but it approximates 35 barrels to the million. So over this period of time, this is strictly out of my mind, some 16,000 barrels of distillate have been produced.

MR. PORTER: I notice that you are producing here for six months or seven months a little over two million a day.

A Yes, sir.

MR. PORTER: Which would probably have given you 70 or 75 barrels of liquids per day?

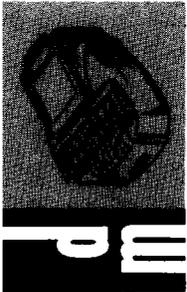
A Yes, sir.

MR. PORTER: Was this well producing at capacity during this period of time?

A No, sir.

MR. PORTER: It was not?

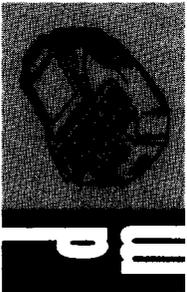
A I also estimate that it was producing -- attempted to see if I could notice any change in the tubing pressure on the Number 1-A and could not record any.



MR. PORTER: No appreciable change?

A No appreciable change. The bottom hole pressure of the Number 1-A well I'm sure is due to the fact that it's been shut in for three years and had normalized. My conclusions then must be that from an engineering and scientific standpoint, I still feel there's insufficient data due to the lack of ability to test the wells as well as drill additional wells to more define the structure in the field to substantiate a 320 acre spacing for this field. I would like to however say, and I'm not sure that this is pertinent, but from an economic standpoint I would like to reiterate again that these wells are expensive wells, protection pipe type wells, and require an investment of around \$120,000.00 each and should the pipe line be capable of connecting these wells and take the amount of gas that is normal, Transwestern, in there, generally will take on approximately eight million for every three million of reserves per day. From a strictly economic standpoint on 160 acres your take would be so small that it would be almost economically unfeasible to drill these wells.

This one, the Number 1 Federal, both Transwestern and I, of course this is a real unknown factor, how do you give reserves to a gas well in an unknown reservoir that has never been produced. We sat down and agreed that this well on the Optimistic had something like eight to ten million cubic feet of gas in



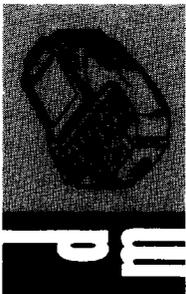
reserve that would give us one million a day take under normal conditions. Of course if it was on 160 acres, that would chop it right in half which would be half a million. I emphasize that unless it were on 320, that it would be real hard to economically justify developing this field. Those are the only two cases which I can, I mean the only two reasons for requesting the 320 acre spacing, would be from a scientific or engineering basis and be likewise economic.

MR. PORTER: In other words you think there's no question but what your economics here would justify 320, but there's still a question as to whether one well would drain 320. In other words, you don't have the information.

A No, sir, I don't have the scientific engineering data to substantiate the fact that it would drain 320.

MR. PORTER: What would be your request here today, that the temporary rules be extended for another one year period or until some more wells are connected or what?

A My request would be that, should the economic justification alone be not sufficient -- I don't know if this is sufficient to grant a 320 acre spacing; if it isn't sufficient then I would request that we be again granted a one year extension. I don't know any other way to do it. And I don't look within the next year for them to connect these wells to be perfectly truthful.



MR. PORTER: The reason I was asking that, Mr. Utz, was that sometimes in the past we have extended temporary orders for a period of one year and it accomplished nothing because of failure to connect wells. That was why I was trying to clarify that point as to whether he was asking for a one year extension or period of time until they could check and maybe get some more information.

A I might say that for the benefit of the Commission that my first appearance here on this proposition was July 20, 1961. I have appeared every year since then.

MR. PORTER: You have been coming back yearly?

A Yes, sir, with the same story.

Q (By Mr. Utz) You have had three extensions and this is the fourth?

A Yes, sir. Believe me, I'm probably more sorry than anyone else that I don't have enough data to be able to tell you. We have attempted every way possible. There are only three possible gas markets in that area and we had chosen what we thought was the best and the other two are Sinclair, which has a gasoline plant in there, and their price came to about a nickel, and --

MR. PORTER: You know it would be a matter of economics if they connected?

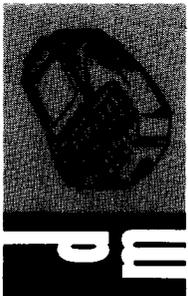
A Yes, we couldn't do-- I don't believe you all know

more about this, but Sawyer hasn't been connected yet. They have been bandied around by El Paso. Sinclair has one plant in there draining all those people. We are not getting drained. I don't know what Transwestern is going to do. It's a tough situation. We drilled over four wells in there and have four hundred thousand dollars in it and that was what we have run. They're all Federal leases and we have lost some of them, but you can't afford to drill more than three of these things and not have any hopes of getting a market. All our acreage is under contract with Transwestern.

MR. PORTER: I don't have any further questions.

Q (By Mr. Utz) First, did you have any pressure information to offer on the Number 5 Federal?

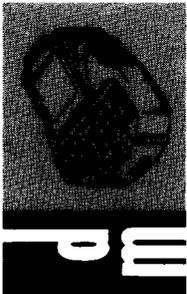
A No, sir. This well was originally drilled by Philmont Oil Corporation. It was drilled to the Devonian and we re-entered it and ran pipe on it and attempted to complete it in the same zone which the Number 1 and the Number 1-A are completed in and it makes gas now. It is classified by the Bureau of Land Management as a commercial shut in gas well. However, it has engineering problems. This well in almost every instance in a re-entry, why, we got a bad cement job and we've squeezed it two or three times and we do not still have the well in what we consider to be good producing condition, but we finally said, "What's the sense in spending any more money.



It is classified as a shut in gas well; why spend money on it when it's not, there's no hopes of getting anything back." It's in a condition that we can't lose it and it's not going anywhere and at such time as we get a connection, we plan to perforate and squeeze and complete this well properly, at least we hope to.

Q What is the reason that Transwestern won't run over to these wells and connect; is it an expensive connection or how far do they have to extend their pipe line, or do they feel they have all the gas they want to take out of the pool for their investment, or what is their problem?

A I'll tell you my version of it. They got themselves in a real bind. They contracted for around seven hundred million of gas; I think these are just hearsay, I'm no authority on it and of course had only a market for substantially less than that at the end of the line. They connected our initial well and to connect subsequent wells it comes under what they call the FPC yearly budget, and according to what they tell me, I don't know whether this is true, they have to have authorization from the FPC to connect certain wells and they request this every year to connect these wells, and the FPC says, "Why should we allow you to spend this money when you don't get the gas and it's not being drained"? We have a drainage clause in our contract; if someone were to come in there and



start selling gas to somebody else, then we would be protected from drainage by our contract. Nobody in their right mind is going to come in there and sell it to Sinclair for a nickel, you just couldn't do it. So here we sit and of course they say that it's not authorized by the Federal Power Commission for them to invest the money which it takes to connect. The cost of the connection is negligible, I would say it would cost less than \$10,000.00 to connect the well. It's a matter of half a mile of line and they install a meter run and scrubber and what have you likewise to the other well. It's not that far. I'm sure that what the Federal Power Commission says is that, "We are not going to allow you to connect these wells as long as you don't need the gas." Of course I go down and say, "I want you to connect it." "We're sorry." It's rather disheartening to compete with the Federal Power Commission.

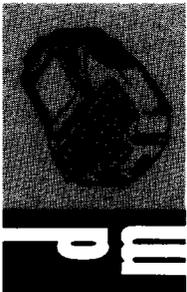
Q Yes, we know what you mean. Any other questions of the witness?

A Is there a way that this extension could be granted until another well is connected?

MR. PORTER: Certainly it's possible.

A Could it be worded that way? I am delighted to come back next August.

MR. PORTER: I'm a member of the Commission and Mr. Utz, of course, is the examiner and he will make the recommendation.



You asked the question if it would be possible for the Commission to write an order for whatever period of time they thought that the record indicated.

A To the south -- May I ask this question? To the south of us they've drilled several San Andres wells, and I don't know what field they are classified in, but they are right bordering our block of acreage on the south and I haven't inquired of this; possibly you know off hand. They are developing on 320-acre spacing.

MR. PORTER: That's in a gas area as I recall.

A Is that a temporary deal, too?

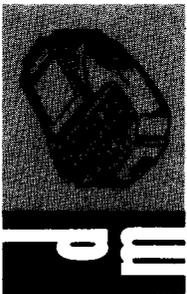
MR. PORTER: I believe it is, isn't it Mr. Utz?

MR. UTZ: Yes, it is. I forget the name of the pool, but it's a temporary deal.

A They contend that one well will drain a San Andres for 320 acres.

MR. PORTER: I'm not sure of how much testimony they offered in proof of that. They might just want a temporary period of time to establish that it will. The same as you've been asking for. I don't think they had a great deal of information at the time.

A I don't know of any myself. May I ask this question? How important is the economic basis for this? Is that something we are allowed to discuss?



MR. DURRETT: We can discuss it, but it has absolutely nothing to do with it.

A No bearing.

MR. DURRETT: Not that the economics have nothing to do with it; it's a matter for the Commission to decide. They weigh all of the pertinent factors and reach a decision.

MR. UTZ: They do, however, hear economics continuously in spacing cases.

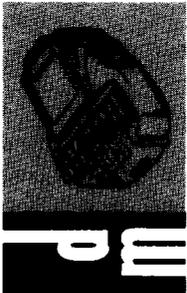
MR. DURRETT: It's considered to be relevant information.

A I have nothing further to present to the Commission as far as evidence or data.

MR. UTZ: Are there any other questions of the witness? The witness may be excused.

(Witness excused.)

MR. UTZ: Are there any other statements in this case? The case will be taken under advisement.



NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE AUGUST 5, 1964 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
H.L. Brown Jr	H.L. Brown Jr	Midland Texas
Clem E. George	Clem E. George	
Jason Kullahi	Kullahi & Fox	Santa Fe
Lewi James	Val R. Renshaw	Albuquerque
James Higgins	Apache	R. S. ...
A.L. Porter Jr	OCC	Santa Fe