

C. R. BLACK

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

DIRECT EXAMINATIONBY MR. WHITE:

Q Will you state your full name for the record, please?

A I am C. R. Black, employed by Texaco Incorporated as Division Proration Engineer out of Midland, Texas.

Q Have your professional qualifications been previously accepted by the Commission?

A Yes, they have.

Q Are you familiar with the application pending in the case now before the Examiner?

A Yes, I am.

Q Will you briefly state the application?

A This is the application of Texaco for 320-acre non-standard gas proration unit to be dedicated to our Roy Riddel Well No. 1. This will be a 320-acre unit in the Eumont Gas Pool which has as a normal unit requirement 640 acres.

Q Mr. Black, did Texaco make application for this approval by administrative approval?

A Yes, sir. Our letter of March 8, 1963, which was sent to the Commission, we made application for administrative

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approval of this non-standard unit.

Q What action did the Commission take, if any?

A By letter of March 12, 1963 the Commission advised this matter would have to be set for hearing due to the fact that the location of Well No. 1 was not a standard location for a 320-acre unit in this gas pool.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification.)

Q Mr. Black, will you refer to what has been marked Exhibit No. 1 and explain it, please?

A Exhibit No. 1 is an ownership map showing the Texaco Roy Riddel lease bordered in yellow and the subject well circled in red. It also shows the offsetting leases and wells completed in this area.

Q What is the required spacing for 320-acre unit in the Eumont Gas Pool?

A The required spacing is 660 feet from one lease line and 1980 from another lease line for 320-acre units.

Q What is the actual location of your Roy Riddel Well No. 1?

A It's actually 660 feet east of the West line of our lease and it's 661 feet from the South line of the lease, so it's not in accord with the required spacing rules.

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Q When was the well drilled?

A It was completed on January 20, 1953.

Q What were the rules, then?

A Well, at that time there were no explicit spacing rules for the Eumont Pool. They were established for Order R-520 on August 12 of '54, and this order established spacing rules for the Eumont Gas Pool.

Q Was this an unorthodox location when the well was originally drilled?

A No, sir, it was not.

Q Is the unorthodox location for 160-acre unit to which the well is currently assigned?

A No, sir, it is an orthodox location for 160-acre unit.

Q Will you now describe your proposed unit?

A Well, the proposed 320-acre unit to be assigned is the area bordered by yellow. It includes the entire lease. The legal description of that is the North Half of the Northeast Quarter, the Southeast Quarter of the Northeast Quarter, the Northeast Quarter of the Southeast Quarter, the South Half of the Southeast Quarter and the East Half of the Southwest Quarter of Section 12, Township 21 South, Range 36 East, Lea County, New Mexico.

Q Would you give a brief history of these two wells?



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A Yes, sir, Well No. 1 was completed on January 20, 1953. The 5½" casing was perforated from 3510 to 3625, these perforations were treated with 500 gallons of acid and the well flowed 522 MCF of gas per day. The well was shut in, and then on December 12, 1954 it was worked over and these same perforations were fractured with 6,000 gallons of fluid carrying 6,000 pounds of sand, and the well repotentialled for 4.66 million cubic feet. It was then placed on production selling gas to Northern Natural Gas Company, or at that time the Permian Basin Pipeline Company. It has been top allowable since that date, and the cumulative production as of January 1st, 1963 was 1,031,210 MCF.

Well No. 2 was completed in 1955 on June 1st; it was completed through the open hole interval 3530 to 3676. It was acidized with 500 gallons of acid and fractured with 10,000 gallons of refined oil carrying 10,000 pounds of sand. It flowed 3.42 million on initial potential. It was worked over on March 12, 1957, at that time it was fractured with 20,000 gallons. It repotentialled for 1.7 million. The cumulative production as of January 1st, 1963 is 399,411 MCF.

Q Mr. Black, will you refer to and explain Exhibit No. 2?

A Exhibit No. 2 is the same ownership map that was presented in Exhibit No. 1 except on this exhibit we have colored



or circled in red all of the existing Eumont Gas wells completed in this immediate area. We have also shown the proration units assigned to these wells by bordering them in green.

Q Have any previous Commission orders been issued in regard to these two wells?

A Yes, sir, Orders R-621 and R-622, both dated April 20, 1955, approved the 160-acre non-standard units now assigned to Wells No. 2 and No. 1. These units are shown on this plat. These orders were the result of a hearing held March 16, 1955 and were covered in Cases 854 and 855.

Q Mr. Black, I note on Exhibit 2, your E. G. Rodman Well No. 1 located east of Texaco's Well No. 2 is not shown as a Eumont gas producer. Will you comment on that, please?

A We examined the proration schedule for the Eumont Gas Pool in detail to determine if this well produced from the Eumont Gas Pool. We could not find the well located either under Mr. Rodman's name or located by location, such as unit, section, township and range. Our information in our Geological Department was incomplete on this well and we do not know whether this well is at the present time, has in the past, or has ever been produced from the Eumont Gas Pool.

Q Will you now point out to the Examiner the top allowable wells adjoining your lease?

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A Yes, sir. At the present time all of the wells shown circled in red on this exhibit, with the exception of the Texaco Roy Riddel Well No. 2 located in the Northeast Quarter, Northeast Quarter of Section 12 and the Ross Malone Curry Well No. 1 located in the Southwest Quarter, Southwest Quarter, Section 6, are top allowable. These two wells are marginal allowable wells.

Q Then the entire lease, except for the Rodman lease on which you have no information, is directly offset by acreage assigned to top allowable wells?

A Yes, sir, except for the 1320-foot strip, the entire 320 proposed unit is directly offset by acreage that is, in turn, assigned to top allowable Eumont gas wells.

Q Will you explain Exhibit 3, please?

A Exhibit No. 3 is a tabulation of the gas production for these two wells on Texaco's Roy Riddel lease for the year 1962. It will be noted that Well No. 1 had a total allowable in 1962 of 74,225 cubic feet, actual production was 103,000,988 cubic feet, and as stated previously, the cumulative production as of January 1st, 1963 from this well is 1,031,210 MCF.

Well No. 2 had a marginal allowable of 19,000,646 cubic feet. The actual production was 5,715,000 cubic feet of gas or it was under-produced some 13,000,000 cubic feet. The cumulative production on Well No. 2 as of January 1st, 1963 is 399,411 MCF.



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Q I notice that in Well No. 2 in August the production dropped to 67 MCF; however, in October it increased to 1232, and in November, 1644. Did you do any workover on the well to bring about the increase in production?

A No, sir, there has been no workover on this well since 1957. This is due primarily to the production of the well.

Q As to Well No. 1, production in February was 32,492, which is nearly one-half of its total allowable for the year. What deductions do you draw from this?

A As you say, this is nearly one-half of the total allowable for the year, so this points out to us that this well is certainly capable of producing at a full allowable that would be assigned to it on 320 acres.

Q Do you believe that all the acreage underlying the lease is productive of gas?

A Yes, I do. I don't think there's any question that all of the acreage is productive of gas in the Eumont Pool.

Q If the proposed order is granted, do you intend to plug Well No. 2?

A Yes, we will plug and abandon Well No. 2 if we are granted approval to assign the 320 acres to Well No. 1.

Q Will this bring about any economic savings?

A Yes, sir, it would bring about some economic savings.



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Q Is Texaco the sole owner of the lease?

A No, sir, Cities Petroleum owns a 25% working interest in this lease.

Q Have they approved or agreed to this proposal?

A Yes, sir, prior to making application to the Commission we contacted Cities Service with regard to our proposal, and they endorsed it and gave us their approval.

Q In your opinion will the granting of this application be in the interest of conservation and the prevention of waste?

A Yes, sir, it will.

Q Were these exhibits prepared by you or under your direction?

A Yes, they were.

MR. WHITE: At this time we offer the Exhibits 1, 2 and 3 in evidence.

MR. NUTTER: Texaco's Exhibits 1, 2 and 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were offered and admitted in evidence.)

MR. WHITE: That completes our direct examination.

MR. NUTTER: Are there any questions?

MR. DURRETT: Yes, sir, I have a question or two.



CROSS EXAMINATION

BY MR. DURRETT:

Q Is it your opinion that the Roy Riddel Well No. 1 can in fact drain the East Half of the East Half of Section 12 and also it looks like it would be the North Half of the Northeast Quarter of Section 12? In other words, the acreage that was previously assigned to your Roy Riddel Well No. 2, is it your opinion that the Roy Riddel Well No. 1 can, in fact, drain that acreage?

A I believe -- the Commission, of course, has established 640-acre units and established a fact that a well is capable of draining 640 acres. I would only be presumptuous to assume that only the area under this lease would be drained by Well No. 1. However, it would be acreage that is productive that could be attributable to our well, and therefore, I think it would be a reasonable production unit for the well.

Q Well, proceeding along this same line, I'm referring now to the Schermerhorn Well No. 1, I believe it is --

A Yes.

Q -- which lies directly between the two subject wells we are talking about here today. What formation is that well completed in?

A It's completed in the Eumont Gas Pool, the same as the

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two Texaco wells.

Q Do you have any idea of its production history?

A Yes, sir, I have the cumulative production from that well as of January 1st. It's accumulated 447,104 MCF of gas. It currently has a top allowable for April of 3,084 MCF. It has an 80-acre unit assigned to it.

Q But if the Roy Riddel Well No. 1 were, in fact, to drain the acreage that is assigned presently to your Well No. 2, it would almost have to drain that acreage in a circular route, would it not?

A That's correct.

MR. DURRETT: Thank you.

BY MR. NUTTER:

Q What is the status of the No. 2 Well?

A At the present time it is a marginal well that is producing. Its current allowable for April is 1644 MCF.

Q Does it carry any underproduction or overproduction?

A It had underproduction as of January 1st for the year 1962 of 13,931,000. Now, some of this has been balanced out in view of the six-month balancing period, but it is currently under-produced.

Q What is the status of the Well No. 1?

A The Well No. 1 actually did not produce during the



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month of March because it is overproduced and it is apparently balancing out for the overproduction it accrued in 1962.

Q Do you have the allowable production figures for January, February, March, 1963 for that well?

A No, sir, I have the allowable figures for January, February and March of '63 for these wells and the production figures for January and February.

Q Would you give me the figures for No. 1?

A The No. 1 in January had an allowable of 9,991 MCF; February, 8,816 MCF; March, 9,386 MCF. Production in January was 146 MCF; production in February was 15,429 MCF.

No. 2 well had an allowable for January, February and March of 608 MCF. It produced 448 MCF in January, and no production was reported for February.

Q It appears that the No. 1 well has customarily produced one month and then just a token amount of gas taken the following month.

A That seems to be the apparent procedure that's being followed by the pipeline company.

Q What was its status as of December 31 as far as overproduction was concerned?

A I don't have that figure, exactly what the overproduction was, but it was considerably overproduced.



MR. NUTTER: Are there any further questions of Mr. Black?

MR. DURRETT: Yes, sir, I have one other question.

BY MR. DURRETT:

Q Did you state on direct examination that the non-standard proration unit that is assigned to the No. 1 well and the non-standard proration unit that is assigned to the No. 2 well were established by hearing--

A Yes, sir, they were.

Q -- and order? Do you have the order number?

A Yes. Order R-621 dated April 20, 1955. This established a 160-acre unit for the No. 2 well. Order No. R-622 dated April 20, 1955 established the 160-acre unit for Well No. 1. It would be necessary that these orders be rescinded.

MR. NUTTER: Any further questions?

MR. WHITE: That concludes our presentation.

MR. NUTTER: The witness may be excused.

(Witness excused.)

MR. NUTTER: Does anyone have anything they wish to offer in Case 2782? We'll take the case under advisement.

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