

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6 2 March 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Ralph E. Williamson for CASE
10 a non-standard oil proration unit and 9323
11 simultaneous dedication, Eddy County,
12 New Mexico.

13 BEFORE: Michael E. Stogner, Examiner
14

15 TRANSCRIPT OF HEARING
16

17 A P P E A R A N C E S
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19 For the Division:
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23 For the Applicant:
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MR. STOGNER: At this time I'll recall Case Number 9323, which is the application of Ralph E. Williamson for a nonstandard oil proration unit and simultaneous dedication, Eddy County, New Mexico.

Call for appearances in this matter.

MR. WILLIAMSON: Yes. I am Ralph E. Williamson of Midland, Texas, and I am the operator of this State Line Federal Lease in Eddy County, New Mexico, which now comprises two wells, State Line Federal 1 and State Line Federal 2.

MR. STOGNER: Mr. Williamson, will you be presenting testimony today?

MR. WILLIAMSON: Yes, I will be.

MR. STOGNER: Okay. And you are the sole owner and operator of this property?

MR. WILLIAMSON: I'm not the sole owner. I am the operator. I do have partners but I'm here representing my partners, too.

MR. STOGNER: Okay, are you the president of your corporation?

MR. WILLIAMSON: Yes, I am.

1 MR. STOGNER: Okay, would you
2 please stand at this time and be sworn.?

3

4 (Mr. Williamson sworn.)

5

6 MR. STOGNER: You may continue.

7

8 MR. RICHARDSON: Well, we, my-
9 self as operator with some partners, three partners, bought
10 the State Line Federal Lease from Robert E. Boling or John
11 Castle and some other parties. It had a producing well on
12 the property, State Line Federal 1, which at the time when
13 we bought it, we did not feel that this well had been pro-
14 perly handled and that we felt that the 56-acre lease would
15 not be drained by this well. This was the principle reason
16 that we bought the lease and we felt that if we moved south
17 on the lease and found a permissible place to drill a second
18 well, that we could effectively drain the whole lease,
19 whereby the No. 1 Well would never be capable of doing that,
20 given the nature of the way the well was completed and han-
21 dled and in this manner.

22 I've been the operator of sev-
23 eral wells in this area and -- for my father, J. C. William-
24 son, and drilled, completed close to 50 wells in this par-
25 ticular, immediate area and felt very familiar with the pro-
cedures necessary, and things, and it's not that I was any

1 particularly better than anybody else, just had more local
2 knowledge and knew what to do.

3 We went and attempted to stqke
4 the -- and permit the State Line Federal No. 2 on the south
5 part of the lease and encountered considerable difficulty
6 with the -- with the Federal government, the Bureau of Land
7 Management, Carlsbad Resource District, in finding a physi-
8 cal place to put the well.

9 We had -- one spot had a real
10 well developed hawk's nest; another place had a sinkhole;
11 another place had a mesa with a lot of what they call cul-
12 tural material.

13 We had to dodge a pipeline that
14 Conoco has, so that in the main, the spot that ws finally
15 settled on was really the only place on the south part of
16 the lease that we could physicaly get on the lease, and ac-
17 tually have enough room to build a location and drill a
18 well.

19 This was the reason for the ap-
20 plicaiton for a nonstandard location and also a nonstandard
21 proration unit. It was really not of our choice. It was
22 just a matter of what we could get done with what we had to
23 do with.

24 These numbers, a nonstandard
25 location NSL 2450, nonstandard proration unit NSP-20 --

1 1521, have been properly processed through the Oil Conserva-
2 tion Division, and now I'm wanting to combine the allowables
3 of the State Line Federal 1 and 2 in which a manner so that
4 we can effectively drain our lease.

5 MR. STOGNER: Okay, before you
6 continue, Mr. Williamson, let's do some little clarification
7 here.

8 You mentioned the State Line
9 Federal Lease. Would you please describe the --

10 MR. WILLIAMSON: Yes, the lease
11 --

12 MR. STOGNER: -- geographical
13 area?

14 MR. WILLIAMSON: -- is -- let
15 me find -- I've got the papers here.

16 We are talking about a 56-plus
17 acre lease. It's New Mexico Lease 54998 and it is in Sec-
18 tion 35, 26 South, Range 29 East, Eddy County, New Mexico.

19 It's located in immediate prox-
20 imity to to the state line of Texas and comprises 56.16 ac-
21 res, I believe.

22 MR. STOGNER: Are those -- now
23 that is an irregular section, is it not?

24 MR. WILLIAMSON: Yes, It is.

25 MR. STOGNER: What is the de-

1 scriptions of the two subdivisions that make up your lease?

2 MR. WILLIAMSON: Oh --

3 MR. STOGNER: Are they Lots 8
4 and 9?

5 MR. WILLIAMSON: Lots 8 and 9
6 and then -- that's one thing I just didn't bring was a land
7 map. I just can't believe I don't have it here. I didn't
8 think I'd be talking about exact land titles in the thing.

9 MR. STOGNER: Okay. Well, I --
10 let me rephrase my question.

11 You're asking today a nonstan-
12 dard proration unit.

13 MR. WILLIAMSON: Yes.

14 MR. STOGNER: And simultaneous
15 dedication. What acreage would your nonstandard proration
16 unit consist of?

17 MR. WILLIAMSON: Well, I would
18 like to combine to -- the allowables for the whole lease in-
19 to one allowable and combine them between the two wells.

20 MR. STOGNER: Okay, now what
21 are the subdivisions that we're talking about, Lots 8 and 9?

22 MR. WILLIAMSON: Lots 8 and 9
23 run along the -- the state line and then we're talking about
24 the northwest fourth of the northwest fourth of that sec-
25 tion.

1 MR. STOGNER: Okay, so Lot 8,
2 let's be a little bit more specific, Lot 8 would be the ir-
3 regular subdivision consisting of 35.61 acres, I believe?

4 MR. WILLIAMSON: I just -- if I
5 could just have a minute here to find that. I've got all --

6 MR. STOGNER: Let's go off the
7 record, Sally.

8
9 (Thereupon a discussion was had off the record.)

10
11 MR. WILLIAMSON: Yes. There
12 have been two wells drilled on this section, this tract.

13 The No. 1 Well was drilled 330
14 from the west line, 740 from the north line. It was in Lot
15 8 of 26 -- Section 35, 26, 29, Eddy County.

16 The No. 2 Well was drilled in
17 Lot 9 of the same section. The footage is 610 from the
18 south and 990 from the west of this -- of the section.

19 Both of these wells were drill-
20 ed to what is generally called the Lower Delaware William-
21 son Sand. That's the name that was given to my father. He
22 found the sand, we drilled quite a few wells to the zone.

23 The No. 2 Well was completed.
24 It has made an excellent well and I feel like that it will
25 drain the part of the lease that the No. 1 Well will never

1 contact and between the wells, we should have a very effective
2 drainage pattern to basically, effectively mine all the
3 recoverable oil from primary recovery that we can get from
4 this particular zone.

5 Is there anything else I need
6 to say here, or --

7 MR. STOGNER: So essentially
8 what you want to do is put these two lots together and form
9 one single 56-acre proration unit, both of these wells,
10 simultaneously dedicated, sharing the allowable.

11 MR. WILLIAMSON: Yes.

12 MR. STOGNER: Right?

13 MR. WILLIAMSON: Yes, that is
14 correct.

15 MR. STOGNER: Okay. You may
16 continue.

17 MR. WILLIAMSON: We -- in
18 following the procedures that we needed to follow, we
19 informed all of the offset operators. We informed Meridian.

20 Our lease itself, or J. C. Wil-
21 liamson, my father, was an offset operator.

22 We sent the notification to the
23 Oil Conservation Division and to George H. Mitchell of
24 Kermit, Texas, and continuing to follow procedure, waited
25 the regular time.

1 The notices were sent by certi-
2 fied mail and we received no response of any kind or any ob-
3 jections, or even any inquiries from anyone concerning this
4 -- this project.

5 MR. STOGNER: Do you have that
6 in the form of an exhibit today?

7 MR. WILLIAMSON: Yes, I have it
8 here. We can mark this Exhibit Three? Exhibit Three for
9 Case Number 20 -- 9323.

10 MR. STOGNER: And this was the
11 required notification of all the offset operators --

12 MR. WILLIAMSON: Yes.

13 MR. STOGNER: -- to your pro-
14 posed lease.

15 MR. WILLIAMSON: Yes, that's
16 correct.

17 MR. STOGNER: You may continue.

18 MR. WILLIAMSON: Well, this is
19 basically what I have. I've done reservoir calculations on
20 the -- on two wells. The new one is, obviously, much newer,
21 but the No. 1 Well, given the generalized reservoir informa-
22 tion we've gathered from a number of wells, and taking what
23 is already made, will only drain approximately 15 to 20 ac-
24 res.

25 The No. 2 Well is a much

1 stronger well and it should drain approximately 40 acres and
2 between the two, the drainage patterns and the -- it should
3 just mine -- mine the property out, and that's what we're
4 attempting to do with this combined allowable request, to
5 come in and just do a job on producing the oil and get on
6 down the road and, hopefully, some time or another oil price
7 goes up, we might actually make some money out of this.

8 That's really all I know to
9 present. I have some exhibits.

10 MR. STOGNER: Why don't you re-
11 fer to those and give me a brief description --

12 MR. WILLIAMSON: Yes.

13 MR. STOGNER: -- of what you're
14 showing?

15 MR. WILLIAMSON: The first ex-
16 hibit is a cross sectional area, cross section map, showing
17 the two State Line wells and three offset wells.

18 The zone shown is the pay zone
19 in the area. An examination of the log data indicates that
20 the zone is basically the same all through this area. It's
21 continuous sand. Slight, smaller porosity zones come and go
22 but the overall zone is very consistent and this was put to-
23 gether to show that there is nothing particularly special
24 about the State Line Federal 2 except that the completion
25 procedure was such that it got into the zone better. It

1 It should have a larger drainage area and should be able to
2 contact more reservoir rock and thus produce considerably
3 more oil than the No. 1 Well has and will in the future.

4 Now, the number -- Exhibit Num-
5 ber Two --

6 MR. STOGNER: Before we get off
7 this, then, let me ask a couple of questions here.

8 MR. WILLIAMSON: Uh-huh.

9 MR. STOGNER: You show two dark
10 lines --

11 MR. WILLIAMSON: Uh-huh.

12 MR. STOGNER: -- in the cross
13 section. Does that correspond to the Delaware formation or
14 does this correspond to your Lower Williamson Sand that you
15 referred to earlier?

16 MR. WILLIAMSON: Well, this --
17 this refers -- these lines refer to the stratigraphic top
18 and bottom of the one particular zone. These are Delaware.
19 This is a Delaware sand. It is one of a series of sands,
20 probably 30 or 40 sands, in this area. This is the most
21 productive of the sands and the one that so many wells in
22 this area have been drilled to.

23 MR. STOGNER: Okay, and, now,
24 the Yates Federal Well No. 1, where is that well located in
25 reference --

1 MR. WILLIAMSON: That is imme-
2 diately to the west --

3 MR. STOGNER: -- to your loca-
4 tion?

5 MR. WILLIAMSON: Immediately to
6 the west of the State Line Federal Lease. That's a well
7 that I operate.

8 This section goes from west --
9 west to east.

10 MR. STOGNER: Do you know what
11 section that is in, by chance?

12 MR. WILLIAMSON: That is in
13 Section 34, 26, 29, Eddy County.

14 MR. STOGNER: All righty, how
15 about the same for the Brushy Federal No. 1 and the MWJ Fed-
16 eral No. 3?

17 MR. WILLIAMSON: The Brushy
18 Federal No. 1 is also in Section 35 and the MWJ Federal 3 is
19 in Section 35. These are wells that run in an approximately
20 east/west line across this portion of the field and are -- I
21 could have selected other wells but these were ones that I
22 had information on and access to the files and represented
23 typical wells in the Williamson sand in this field.

24 MR. STOGNER: Okay, I have no
25 further questions on that exhibit.

1 MR. WILLIAMSON: The second ex-
2 hibit is a generalized structure map on the top of the Wil-
3 liamson Sand and it generally show that there is no particu-
4 lar structure in the field. It's just a slight dip to the
5 south -- to the northeast. It shows the general, overall
6 stratigraphic nature of the field and the point being that
7 these, as near as we can tell, are river channels; that
8 where the sands are developed you get a channel, you get im-
9 proved permeability and porosity and the oil over time has
10 collected in there.

11 There's no particular way to
12 determine why this oilfield is there as from any other
13 place. It just happened that we drilled into it; it looked
14 pretty good; and tried it, and since it's developed into
15 quite a nice oilfield down there.

16 The purpose of the exhibit is
17 to show here again that the State Line Federal 2 is not an
18 exceptional well, an exceptional part of the field, but is a
19 typical well, but because of the experience that I've had
20 and possibly some fortunate events during the completion
21 process, that we were able to make a very fine well there
22 and would like to be able to produce it at its full poten-
23 tial while -- while it's capable of giving up increased
24 amounts of oil.

25 MR. STOGNER: And, as you men-

1 tioned, your Exhibit Number Three is the notification.

2 MR. WILLIAMSON: Yes, yes, sir.

3 MR. STOGNER: In your opinion
4 will the approval of this application promote the conserva-
5 tion of the production of oil and gas in this particular
6 pool?

7 MR. WILLIAMSON: Yes, I feel
8 that it will, principally because the well will -- will
9 drain out a portion of the field that would not otherwise
10 have been recovered, and had the well not been drilled,
11 given the nature of the offset wells, most of thoe offset
12 wells are fairly weak, and it would just be a portion of the
13 oil and gas that would just have been left in the ground and
14 most likely lost forever when the field depleted on down.

15 MR. STOGNER: Also, on the same
16 lines, the approval of this application will not result in
17 the waste of any -- ny oil and gas?

18 MR. WILLIAMSON: No, I could
19 not say that it would result in the waste of anything.

20 MR. STOGNER: And it will not
21 violate correlative rights?

22 MR. WILLIAMSON: I do not think
23 so, no, sir.

24 MR. STOGNER: Okay. I'll also
25 take administrative notice of any admnistrative orders that

1 were issued pursuant to the drilling of either of these
2 wells or the proration units and any well files that we
3 might have on record.

4 Do you have anything further to
5 add in this case, Mr. Williamson?

6 MR. WILLIAMSON: No, sir, I
7 believe that this covers is.

8 MR. STOGNEP: Does anybody else
9 have any questions in this matter?

10 Case Number 9323, however, will
11 be -- the record on this case will be continued to the
12 Examiner's hearing scheduled for March 16th, 1988, due to an
13 advertisement error in the Artesia paper.

14 At this time this case is
15 adjourned.

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17 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9323,
heard by me on 2 March 1988.

Michael E. Rogers, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

16 March 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Ralph E. Williamson for CASE
a non-standard oil proration unit and 9323
simultaneous dedication, Eddy County,
New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

For the Applicant:

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MR. CATANACH: Case 9323,
application of Ralph E. Williamson for a nonstandard oil
proration unit, simultaneous dedication, Eddy County, New
Mexico.

This case was heard March 3rd
and subsequently had to be readvertised for today.

Are there any appearances in
this case?

If not, it will be taken under
advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9323,
heard by me on March 16, 1988.

David R. Catanzano, Examiner
Oil Conservation Division