

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

20 May 1986

COMMISSION HEARING

IN THE MATTER OF:

The disposition of cases called on  
the docket of 20 May 1986 for which  
no testimony was presented.

CASE  
8901, 8902  
8690.

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Jeff Taylor  
Legal Counsel to the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

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MR. STAMETS: The hearing will  
please come to order.

To expedite things this morning  
let me announce that at the request of the applicants Cases  
8901, 8902, and 8690 will each be continued to the June 19th  
Commission Hearing. Also, I would note for those in  
attendance that the Commission would like not to have a  
hearing in July, so I think that we won't.

(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 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

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

19 June 1986

COMMISSION HEARING

IN THE MATTER OF:

Application of Doyle Hartman for  
compulsory pooling, a nonstandard  
proration unit, two unorthodox  
locations, and simultaneous dedica-  
tion, Lea County, New Mexico.

CASE  
8690  
8902

BEFORE: Richard L. Stamets, Chairman  
Ed Kelley, Commissioner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Charles E. Roybal  
Attorney at Law  
Energy and Minerals Dept.  
525 Camino de Los Marquez  
Santa Fe, New Mexico 87501

For the Applicant: Willaim F. Carr  
Attorney at Law  
CAMPBELL & BLACK P. A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

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1  
2 MR. STAMETS: We'll call next  
3 Case 8690.

4 MR. ROYBAL: Case 8690. Appli-  
5 cation of Doyle Hartman for compulsory pooling, a nonstand-  
6 ard proration unit, two unorthodox locations, and simultan-  
7 eous dedication, Lea County, New Mexico.

8 MR. CARR: May it please the  
9 Commission, my name is William F. Carr with the law firm  
10 Campbell & Black, P. A., of Santa Fe. We represent Mr.  
11 Hartman and I have one witness.

12 At this time, if it pleases the  
13 Commission, I would request that Case 8902 also be called.

14 MR. STAMETS: Let's call Case  
15 8902.

16 MR. ROYBAL: Case 8902. Appli-  
17 cation of Doyle Hartman for compulsory pooling, two  
18 nonstandard proration units, two unorthodox locations, and  
19 simultaneous dedication, Lea County, New Mexico.

20 MR. CARR: May it please the  
21 Commission, Case 8906 was originally heard by an examiner on  
22 August 28 and October 9, 1985.

23 At that time the case was op-  
24 posed by Lewis Burleson. Order R-8107 was entered in Case  
25 8690 in which the Division approved a 400-acre unit and im-

1 posed certain limits on production from the wells in that  
2 unit.

3 Mr. Hartman filed an applica-  
4 tion for hearing de novo on January 24th, and filed an  
5 amended application, and on the 28th of April filed a second  
6 amended application.

7 That case was docketed as Case  
8 8902.

9 At this time we would move that  
10 Case 8690 be dismissed, since it is superseded by Case 8902.

11 MR. STAMETS: We will then dis-  
12 miss Case 8690.

13 MR. CARR: This week Mr. Kella-  
14 hin and I have reached an agreement whereby we agreed that  
15 Mr. Hartman would not oppose the application of Mr. Burleson  
16 which has previously been heard today, and in exchange, Mr.  
17 Burleson waived objection to the application of Mr. Hartman  
18 in this case, and I'd like to hand you a letter dated June  
19 17th, which constitutes the agreement between Mr. Hartman  
20 and Mr. Burleson.

21 What we have before you is Case  
22 8902. It was styled that way, although it was really filed  
23 as an amended application in a previous case.

24 The difference is instead of a  
25 single 400-acre unit we now have two 200-acre spacing and

1 proration units; that's basically the difference.

2 As the case was styled there is  
3 also a request for compulsory pooling. We have received a  
4 farmout from Terra Resources. There may be some small re-  
5 maining interest outside. We're not certain on that. The  
6 title is complicated. We therefore would also request, how-  
7 ever, that the compulsory pooling portion of the case be  
8 dismissed. If there is still a very small outstanding in-  
9 terest we'll simply have to come back on that maybe.

10 So we would ask that the por-  
11 tion of Case 8902 that relates to compulsory pooling be dis-  
12 missed.

13 MR. STAMETS: We will dismiss  
14 that portion of the case.

15 MR. CARR: At this time I would  
16 request that since the testimony is the same as that presen-  
17 ted in the original hearing that the record of Case 8690 be  
18 incorporated by reference into this case today, Case 8902.

19 MR. STAMETS: That incorpora-  
20 tion will be made.

21 MR. CARR: And at this time I'd  
22 like to call Mr. Nutter, who will identify the new units and  
23 give some general testimony as to the wells on those units.

24 MR. STAMETS: Are there any  
25 other appearances in this case?

1 Is Mr. Nutter your only wit-  
2 ness?

3 MR. CARR: Yes, he is.

4  
5 (Witness sworn.)

6  
7 DANIEL S. NUTTER,  
8 being called as a witness and being duly sworn upon his  
9 oath, testified as follows, to-wit:

10  
11 DIRECT EXAMINATION

12 BY MR. CARR:

13 Q Will you state your full name and place  
14 of residence?

15 A Dan Nutter, Santa Fe, New Mexico.

16 Q Mr. Nutter, by whom are you employed and  
17 in what capacity?

18 A I'm a consulting petroleum engineer em-  
19 ployed by Mr. Doyle Hartman in this particular case.

20 Q Have you previously testified before this  
21 Commission and had your credentials as an engineer accepted  
22 and made a matter of record?

23 A I have.

24 Q Are you familiar with the second amended  
25 application filed in this matter by Mr. Hartman?

1           A           Yes, I am.

2           Q           Are you familiar with the proration units  
3 and the wells located thereon?

4           A           Yes, I am.

5                       MR. CARR:   Are the witness'  
6 qualifications acceptable?

7                       MR. STAMETS: They are.

8           Q           Mr. Nutter, would you refer to Hartman  
9 Exhibit Number One in Case 8902, identify this and review  
10 the information contained on the exhibit?

11           A           Hartman Exhibit Number One is a plat of  
12 Sections 22 and 27, Township 25 South, Range 37 East, in the  
13 Jalmat Gas Pool, Lea County, New Mexico.

14                       Also shown are a number of oil wells.  
15 These are mostly in the Langlie Mattix Pool.

16                       There are two proration units colored  
17 solid on the exhibit, the first being colored pink. It's a  
18 200-acre nonstandard proration unit comprising the south --  
19 the west half of the southwest quarter of Section 22, and  
20 the west half of the northwest quarter and the southeast  
21 quarter of the northwest quarter of Section 27, both in  
22 Township 25 South, Range 37 East.

23                       This proration unit is 200 acres and  
24 would simultaneously be dedicated to Hartman's Carlson Har-  
25 rison Federal No. 1, located in Unit F of Section 27; his

1 No. 2, located in Unit D of Section 27; his No. 3-A, located  
2 in Unit L of Section 22; and his No. 4, located also in Unit  
3 L of Section 22.

4           The other proration unit, which is  
5 colored solid, is in yellow and is a 200-acre nonstandard  
6 proration unit comprising the west half of the southeast  
7 quarter of Section 22 and the northeast quarter of the  
8 northwest quarter and the west half of the northeast quarter  
9 of Section 27 in Township 25 South, Range 37 East, and would  
10 be dedicated to Hartman's Carlson Harrison Well No. 5, which  
11 is located in Unit C of Section 27.

12           I have also outlined on the exhibit in  
13 red the south half of Section 22. This was a 320-acre pro-  
14 ration unit which was assigned to what Hartman now calls the  
15 3-A in section -- in Unit L of Section 22. It was original-  
16 ly called the El Paso Carlson No. 1, and was 300 -- it was  
17 the unit well for a 320-acre unit.

18           This well was completed in the Jalmat in  
19 1956 and had dedicated thereto the entire 320-acre unit  
20 being the south half of Section 22 from 1956 until the be-  
21 ginning of 1986, for thirty years.

22           About two years ago some of the acreage  
23 was farmed out and Antweil drilled his No. 2 Terra Resources  
24 Well in Unit letter F of Section 22 and dedicated an 80-acre  
25 proration unit, being the white acreage between the pink and

1 the yellow in the south half of Section 22.

2 Through some oversight this 80 was not  
3 deducted from the 320-acre unit that was dedicted to the El  
4 Paso Well, so there was a simultaneous dedication of that  
5 acreage to two proration units for period of almost two  
6 years; however, it has been straightened out now and the 80  
7 acres is a unit dedicated to a well as is proper.

8 MR. STAMETS: Mr. Nutter, I be-  
9 lieve that's Unit letter K, isn't it?

10 A Okay, K. No, that would be Unit letter  
11 M. It's the Terra Resources Well and it's in the southeast  
12 quarter of the southwest quarter of Section 22 --

13 MR. STAMETS: Okay, --

14 A -- so it would be Unit letter M.

15 MR. STAMETS: It shows as a gas  
16 well.

17 A Yes, sir, it is a gas well.

18 MR. STAMETS: Okay. I was  
19 looking at the oil well north of that.

20 A I'd also mention the well which has the  
21 combination symbol of an oil well and a gas well, located in  
22 Unit letter B of Section 27. That would be the Terra  
23 Resources Carlson No. 1.

24 This well was completed as a Langlie Mat-  
25 tix well in 1939 and was produced from the Langlie Mattix

1 until it was abandoned in the Langlie Mattix in 1952.

2 It was completed then in the Jalmat Gas  
3 Pool and produced from the Jalmat Gas Pool approximately  
4 2,000,000 cubic feet of gas and was declared noncommercial  
5 and abandoned in 1953, then.

6 But this would be our evidence that this  
7 eastern portion of the proration unit was and probably still  
8 is productive of gas. It's got a real good section in the  
9 Lower Yates, which has never been perforated, and ultimately  
10 we may do some more perforating over on the east side of the  
11 proration unit.

12 However, the record, as incorporated from  
13 the previous case, 8690, will demonstrate the productivity  
14 of the east half of the proration unit. That well, by the  
15 way, is shown as being second from the right on Exhibit Num-  
16 ber Seven in Case Number 8690.

17 Q Mr. Nutter, in your opinion should the  
18 production from either of these 200-acre spacing and prora-  
19 tion units be limited in any way?

20 A No, I don't think so because both units  
21 are the same size. They've both got a well, a new well, the  
22 No. 4 on the pink unit, the No. 5 on the yellow unit, which  
23 are capable of approximately the same productivity and both  
24 of those wells will drain their proration units and there's  
25 no reason why the production should be restricted from

1 either well.

2 Q Are the wells on these units necessary to  
3 drain the units?

4 A They obviously are because the previous  
5 wells on the units are low marginal wells and the new wells  
6 will drain the acreage.

7 Q In your opinion will granting this  
8 amended application be in the best interest of conservation,  
9 the prevention of waste, and the protection of correlative  
10 rights?

11 A Yes.

12 Q Was Exhibit Number One prepared by you?

13 A Yes, it was.

14 MR. CARR: At this time we  
15 would offer into evidence Hartman Exhibit Number One.

16 MR. STAMETS: Exhibit Number  
17 One will be admitted.

18 MR. CARR: I have nothing fur-  
19 ther for Mr. Nutter on direct examination.

20 MR. STAMETS: Any questions of  
21 the witness?

22 Mr. Carr, do we have a proof of  
23 notice in this case?

24 MR. CARR: Well, I can provide  
25 you with -- with return receipts that were mailed. I'll be

1 happy to do that after the hearing.

2 MR. STAMETS: Okay, that will  
3 be fine.

4 MR. LYON: May I ask just one  
5 question?

6 MR. STAMETS: Okay.

7  
8 QUESTIONS BY MR. LYON:

9 Q Mr. Nutter.

10 A Yes, sir.

11 Q You carried me a little fast on these  
12 wells that are produced from each of these units. Would you  
13 review those for me again?

14 A Yes, sir. The only productive well at  
15 the present time on the yellow unit would be the Carlson  
16 Harrison Well No. 5, which is located in Unit letter C of  
17 Section 27.

18 The pink unit has four wells on it.

19 The first is the No. 1 Carlson Harrison  
20 and that's located in Unit letter E of Section 27.

21 Q E?

22 A Yes, sir.

23 Q Isn't E in the north half?

24 A In Section 27.

25 Q In Section 27, okay, all right, I'm with



1 if you will submit a proposed order and the proof of no-  
2 tice, the Commission then will approve these two 200-acre  
3 nonstandard units and the simultaneous dedication for the  
4 pink (not clearly understood) as soon as we receive that or-  
5 der.

6 MR. CARR: Thank you, Mr. Sta-  
7 mets.

8 MR. STAMETS: This case, then,  
9 will -- this case, then, is concluded.)

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(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