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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 6, 1971

IN THE MATTER OF:

Application of Coastal States Gas
Production Company for expansion of
a unit area, Lea County, New Mexico.
Application in the above-styled cause,
for authority to expand the Flying
(Lea County) Unit Area, author-
ized by Order No. R-3220, to include
certain lands, more or less, of
State and Fee lands in Town-
ship 10 South, Range 33 East,
Lea County, San Andres Pool, Lea County)

Case No. 4480

REPORT BY: Donald S. Nutter, Examiner

TRANSCRIPT OF HEARING



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I N D E X

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JACK McGRAW

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E X H I B I T S

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Applicant's Exhibits Nos. 1 thru 5 Marked Offered and
3 Admitted
7

1 MR. HATCH: This is Case No. 4480 which is the
2 Application of Coastal States Gas Producing Company for
3 expansion of a unit area, Lea County, New Mexico.

4 MR. HINKLE: I am Clarence Hinkle, of Hinkle,
5 Bondurant, Cox and Eaton, appearing for Coastal States
6 Gas Producing Company.

7 (Whereupon, Applicant's Exhibits Nos. 1 through
8 5 were marked for identification.)

9 JACK McGRAW

10 Called as a witness, having first been duly sworn, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MR. HINKLE:

14 Q State your name, your residence, and by whom you
15 are employed?

16 A My name is Jack McGraw. I work for Coastal States
17 Gas Producing Company as a division engineer in Midland,
18 Texas.

19 Q Are your qualifications as a Petroleum Engineer
20 a matter of record with the Commission; you have previously
21 testified before the Commission?

22 A Yes, sir.

23 Q Have there been prepared under your direction cer-
24 tain exhibits for introduction in this case?

25 A There have been.

1 Q Are you familiar with the Application by Coastal
2 States Gas Producing Company in this case?

3 A Yes, sir.

4 Q What is Coastal States attempting to accomplish
5 by their application?

6 A Coastal States is seeking to expand the Flying
7 "M" (San Andres) Unit.

8 Q I refer you to Exhibit No. 1, and I ask you to
9 explain what this is and what it shows.

10 A All right. No. 1 is a plat showing the existing
11 Flying "M" (San Andres) boundary, and also this proposed
12 extended area. There is actually two things that we are
13 doing in this expansion. We are including the non-committed
14 tracts to the new unit as well as including some new tracts.

15 Q Those non-committed tracts, they are indicated as
16 "N.C."?

17 A That is correct. Those tracts were included in the
18 unit boundary of the old unit and were not committed to the
19 unit because of the non-development at the previous time,
20 which was 1967. Those tracts have now been developed and
21 the operator has indicated that he wants to join in the
22 unit.

23 Q Now, referring to Exhibit No. 2, could you ex-
24 plain what this shows?

25 A Exhibit No. 2 is a plat showing the injection

1 wells that have been already added, and that were added
2 by administrative approval as soon as we got the commitment
3 from Southland Royal that they would join in, and this is
4 actually on injection at this time.

5 Q Now, have you attained approval from USGS of
6 the proposed expansion?

7 A Yes, we have.

8 Q I now refer to Exhibit 3. Could you explain
9 that?

10 A Exhibit No. 3 is a letter from the USGS stating
11 their approval of this expansion.

12 Q Has it been approved by the Commissioner of
13 Public lands?

14 A Yes, sir, Exhibit No. 4 is a letter from the
15 Commissioner of Public Lands stating his approval.

16 Q In connection with expansion, did he have partici-
17 pation in any way?

18 A No, sir, nor formula as such. Exhibit No. 5 shows
19 the parameter in the expanded unit. The form and parameters
20 are the same. The parameters that were used in 1967, they
21 have been updated, however.

22 Q And Exhibit No. 5 shows this?

23 A Yes.

24 Q Is it a formula that has been approved by all of
25 the working owners in the unit as it now exists in the pro-

1 posed expansion?

2 A Yes, it has.

3 Q In your opinion, is the expansion in the interest
4 of conservation and prevention of waste?

5 A Yes, sir, it is very necessary for the continuation
6 of this pressure maintenance projection.

7 Q Has the pressure maintenance been successful so
8 far?

9 A Yes, it has. In varying degrees, it has been,
10 and what we might say--drug out--due to the fact that these
11 tracts were non-committed, and there was some non-develop-
12 ment in the south portion of the field. Our best performance
13 was that this injection was normal where we control the area
14 and could inject order as we desired, and then since we have
15 converted these three wells, we have not been increasing the
16 production in the central area of the field. We are still
17 quite a ways on in the south area,

18 Q Have you referred to the primary production, sub-
19 stantially?

20 A Yes, sir, we have, and the total field recovery
21 at this time is in the neighborhood of 20 to 25000 barrels
22 a month.

23 MR. HINKLE: I would like to offer Exhibits Nos.
24 1 to 5, inclusive.

25 MR. NUTTER: Coastal States' Exhibits Nos. 1 through

1 5 will be admitted into evidence.

2 MR. HINKLE: Thank you. That is all we have.

3 CROSS EXAMINATION

4 BY MR. NUTTER:

5 Q Is additional acreage, which will be included in
6 the unit, is this described as the west half of the west
7 half, and the west half northwest of Section 34, is this
8 the acreage which is in the northeast quarter of Section
9 4 of the other Township?

10 A Yes, sir.

11 Q That is the total sum?

12 A Yes, sir.

13 MR. NUTTER: Thank you. If there are no further
14 questions of Mr. McGraw, you may be excused.

15 (Whereupon, the witness was excused.)

16 MR. NUTTER: Do you have anything further, Mr.
17 Hinkle?

18 MR. HINKLE: No.

19 MR. NUTTER: Is there anything further in Case
20 No. 4480? If not, we will take the case under advisement.
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