

Case No.

351

Application, Transcript,
Small Exhibits, Etc.

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. 351
ORDER NO. R-145

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION OF
NEW MEXICO UPON ITS OWN MOTION
FOR AN ORDER FOR THE EXTENSION
OF EXISTING POOLS OR THE CREATION
OF NEW POOLS IN LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 9 o'clock a.m. on March 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this nd22 day of April 1952, the Commission, a quorum being present, having considered the testimony adduced at the hearing and being fully advised in the premises,

FINDS:

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

(2) That heretofore the Commission classified and defined the Warren-McKee (Simpson) Pool, Lea County, New Mexico, and described it as follows:

Twp. 20 South, Rge. 38 East, NMPM
S/2 Sec. 20; all Sec. 29

(3) That recent wells in the SW/4 SW/4 Section 17, Township 20 South, Range 38 East, and in the NW/4 NW/4 Section 17, Township 20 South, Range 38 East, have also been completed in the Simpson formation.

(4) That reservoir data and geological information gathered from wells in the Warren-McKee (Simpson) pool indicate that the Warren-McKee Pool is a separate reservoir from that reservoir from which the two Simpson wells in Section 17 are producing.

IT IS THEREFORE ORDERED:

(1) That a new oil pool for Simpson production, designated as the North Warren-McKee pool, be, and it hereby is created, comprising

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the W/2 Section 17; the E/2 Section 18; N/2 NE/4 Section 19; and the
N/2 NW/4 Section 20 in Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

R. R. Spurrer

R. R. SPURRIER, Secretary

SEAL

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

In the matter of the Oil
Conservation Commission's
application for an order
extending the Warren-McKee
pool to include the W $\frac{1}{2}$,
Sec. 17, E $\frac{1}{2}$, Sec. 18, and
N $\frac{1}{2}$ Sec. 20, T. 20S-R.38E.

No. 351

TRANSCRIPT OF HEARING
March 20, 1952

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
MAR 24 1952

E. E. GREESON
ADA DEARNLEY
COURT REPORTERS
BOX 1202
PHONES 5-9422 AND 5-9546
ALBUQUERQUE, NEW MEXICO

(Mr. Graham reads notice of publication.)

MR. COLLISTON: Mr. Commissioners, Continental Oil Company would like to request that the Commission indefinitely postpone the question of the consolidation of the area advertised in Case 351 with the present Warren-McKee pool. We base our request for a continuance of the combination on the basis that an interpretation of available information cannot be conclusive that such combination would be proper, that adequate information does not presently exist to make that finding of fact at this time. There will be developed shortly additional development in the area. We have Mr. Dailey here who is prepared to explain and testify as to our reasons for this continuance. We see no objection should the Commission desire to create a separate pool at the present time around the Amerada well, which is located in Sec. 17, T. 20S-R. 38E.

HOMER DAILEY, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COLLISTON:

Q Mr. Dailey, have you made a study of the surface conditions in the area covered by the present Warren-McKee pool, and the area around the Amerada Turner No. 1?

A I have.

Q Have you prepared a map showing the structure that is involved?

A The map was also prepared by our geologist in Hobbs. However, I have studied the map, and it would agree with my interpretation.

MR. COLLISTON: I would like to present as Continental's Exhibit 1 a structure map of the Warren-McKee pool, contoured on top of the McKee pay showing the structure of the Warren-McKee pool, and the area around the Amerada Turner well to the north.

Q Mr. Dailey, will you describe to the Commission what is found on this Exhibit No. 1?

A The map, as Mr. Colliston stated, is contoured on top of the McKee pay. It will be noticed that on a number of the wells in the Continental leases we have a little symbol, which is explained down below as being the Schlumberger dip meter survey. In the case of the Burger B-20 No. 1 Schlumberger, it will be noted that the Schlumberger dip meter survey shows a dip to the north and slightly to the west of north of 18 degrees. This 18 degree dip would be 325 ft. in 1,000 ft. On the basis of that, we have closed the minus 5,600 ft. contour in the south half of Sec. 20, T.20S-R. 38E. It will be noted along the southeast, and west for that matter, edges there are three dry holes with McKee datums between minus 5,600 and 5,700. And it is our belief that the minus 5,600 contour bounds the pool. And that the Warren-McKee pool under this interpretation, that the north limit of the Warren-McKee pool would be in the S $\frac{1}{2}$ of Sec. 20

Q Mr. Dailey, to support this geological data, would ^{you} explain to the Commission what engineering studies have been made that bear out your conclusion?

A There have been calculations based on, volumetric calculations, of the original oil in place, based on core analyses; plus material balance calculations, which, when you check one against the other, indicate a pool smaller than would be obtained by including the -- making the proposed extension.

Q In other words, your material balance calculations would indicate a somewhat limited reservoir approximately bounded by the 5,600 contour?

A That's right.

Q Your interpretation of these data, isn't it, is that structurally we find two highs existing, as shown by Exhibit 1?

A That is correct.

Q There isn't sufficient data to say at this time the two pools are connected or are not connected?

A That 's right.

Q That fact is not susceptible of determination at this time?

A That is correct. It would take additional development in the north end of the present Warren-McKee pool and the Amerada Turner well.

Q The question of waste isn't involved in this application. As to allowables, the Amerada Turner well to the north receives the same depth bracket allowable as wells in the Warren-Mc Kee ~~field?~~

A I believe so.

Q And there is no discrimination in the matter of allowable?

A That is correct.

Q And the question of correlative rights isn't involved?

A That is correct.

MR. COLLISTON: Based on the testimony presented by Mr. Dailey, we respectfully request the Commission indefinitely postpone the consideration of combining these fields at this time, pending development of additional data through drilling. Continental's drilling program will proceed on through the N $\frac{1}{2}$ of Sec. 20, and within a reasonable length of time, we will prove or disprove by drilling the connection or lack of connection of these two areas.

MR. SPURRIER: Are there any questions of the witness?

MR. KELLOUGH: I have no question of the witness. I wish to say on behalf of Amerada we have no objection to the postponement of the evidence in connection with these areas or the extension until further information can be had. Do you have anything to say, Mr. Christie?

MR. CHRISTIE: No, sir.

MR. COLLISTON: That is all I have to say.

MR. SPURRIER: Any other statements or questions of the witness? If not, the witness may be excused.

MR. GREER: J. W. Greer, Standard Oil Co. of Texas. We own a non-operating interest in the lands operated by Continental in the Warren-McKee pool and surrounding areas, and we have entered into studies of this area both structurally and from an engineering standpoint, and we fully concur with the testimony given by Mr. Dailey on every phase of this case. We should also like to point out, which Mr. Dailey may wish to corroborate, that our northern-most well in the Warren-McKee pool encountered a much tighter section of the McKee sand, a lower permeability than was found in any other part of our producing wells. It was necessary that a hydro-frac procedure be followed in order to make a well of it at all. So, aside from the definite geological information that so far indicates a separation of the pool, you also have some indication of a shaling out of the producing sand between those two areas. We concur there is no definite indication yet of either a separation or continuance.

MR. CHRISTIE: I would like to ask Mr. Dailey one question. Has there been a water table established in the Warren-McKee field, and if so, what is it?

MR. DAILEY: As near as we can determine, Mr. Christie, it would approximate minus 5,600. The Shell State A No. 1

in Sec. 32, for instance, has a datum of minus 5,623 and they had water in the McKee. The -- I don't know what they call the well -- also in Sec. 32, had water, and it has a datum of minus 5,718 on top of the McKee.

MR. CHRISTIE: Thank you.

MR. COLLISTON: And you still stay with the original statement that the minus 5,600 datum possibly outlines the Warren-McKee field?

MR. DAILEY: That appears to be as close as we can define it.

MR. COLLISTON: At least on the south, west and east?

MR. DAILEY: That's right.

MR. SPURRIER: Mr. Christie, does Amerada object to the creation of a new pool?

MR. CHRISTIE: No, sir, we don't.

MR. SPURRIER: Any further questions of the witness?

MR. BLYMN: I believe it should be asked at this time if Amerada will re-submit their 123 requesting the creation of a new pool then? So that the Amerada Turner can be included in something rather than being left undesignated through this period of development.

MR. CHRISTIE: Well, if it is necessary to do that to get our proration schedule as a field, we will be glad to do that. I presume at such time as future development may prove them two areas, or definitely connected or not connected, the name

could then be changed if not connected.

MR. PORTER: The question I would like to ask is, could that be avoided. Could the Commission create a new pool under the testimony presented here without the necessity of Amerada having to re-apply?

MR. SPURRIER: I think they probably could. Any further questions? If not, the witness may be excused. Is there any other comment?

MR. CHRISTIE: Then do you want us to re-submit that or will you take care of it without resubmission of the C-123?

(No response.)

STATE OF NEW MEXICO
COUNTY OF BERNALILLO ss

I HEREBY CERTIFY That the foregoing transcript is a true record of the matters therein contained.

DONE at Albuquerque, N. M., March 23, 1952.

E. E. Greer
Notary Public

LEGAL NOTICE

March 6, 1952

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
SANTA FE, NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following hearings to be held March 20, 1952, at 9 o'clock on that day at Mabry Hall, State Capitol, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases, and notice to the public.

CASE 351:

In the matter of the application of the Oil Conservation Commission upon its own motion for an order for the extension of existing pools or the creation of new pools in Lea County, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such extensions or creations should not be made.

(a) Extend the Warren Mokee pool to include: W/2 of section 17, E/2 of section 18, and N/2 of section 20, in T20S, R38E, NMPM, Lea County, New Mexico, and such other contiguous lands as may properly be included therein as supported by proper testimony and recommendations adduced at said hearing.

GIVEN under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, this 6th day of March, 1952.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER
SECRETARY

SEAL

RE
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New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 1545
HOBBS, NEW MEXICO

March 7, 1952


Mr. Bill Macey
Box 871
Santa Fe, New Mexico

Dear Bill:

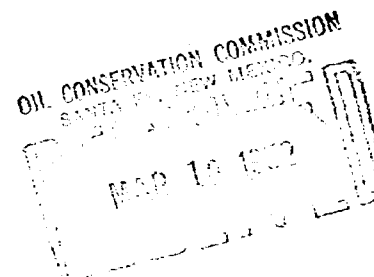
We are enclosing copy of Notice of Publication concerning Case 351, the original of which was given to the Hobbs News Sun at 11 A.M. today. I was assured that it would be published in the paper for Sunday March 9.

I am also enclosing a copy of form C-123 as filed by Amerada Petroleum Corporation on January 5, 1952 and a copy of our letter to Amerada requesting them to disregard our letters of March 6 in regard to the filing of form C-123 on their Turner #1 and their Raley #1. As is indicated above, form C-123 was filed on the Turner #1 at an earlier date and the area covered by that application includes the quarter section in which the Raley #1 is located.

Yours very truly,


A. L. Porter, Jr.
Froration Manager

ALP/mw



OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

March 7, 1952

Amerada Petroleum Corporation
Drawer D
Monument, New Mexico

Gentlemen:

This is to request that you kindly disregard our letters of March 6 relative to the filing of Form C-123 on your Turner #1 and your Raley #1. Since these letters were written we have discovered that form C-123 was filed on your Turner #1 on January 5, 1952 and that the area applied for in this application includes the location of your Raley #1.

Yours very truly,

OIL CONSERVATION COMMISSION

A. L. Porter, Jr.
Proration Manager

ALP/mw

cc: Mr. R. R. Spurrier-Santa Fe
Mr. Bill Macey-Santa Fe

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REQUEST FOR THE EXTENSION OF AN EXISTING POOL
OR
THE CREATION OF A NEW POOL

TO: The Oil Conservation Commission
Box 871
Santa Fe, New Mexico

The Amerada Petroleum Corporation Fred Turner
Name of Operator Name of Lease

1 Located 660 feet from the (N) or (S) line and 660 feet
Well No.

from the (N) or (W) line of 17 20S 38E
Section Township Range

is outside the boundaries of any pool producing from the same formation. On
the basis of the information submitted herewith on form C-105, we hereby re-
quest that the Warren-McKee (Simpson) pool
be extended to include the following area W/2 Sec. 17, E/2 Sec. 18, and W/2 Sec. 20,
all in Township 20 South, Range 38 East, Lea County, New Mexico.

or that a new pool be created to include the following described area _____

Suggested name: _____

Name of Producing Formation: _____ Amerada Petroleum Corporation
Operator

January 5, 1952

Representative
Assistant District Superintendent

CASE 352: Phillips application for excep-
tion to Rule 309: Common tankage Rhoda and
Latoyah leases, 32-14S-32E, Tulk Pool.