

CASE 2913: Application of GULF
for a 200-acre non-standard gas
production unit, San County.

CASE No.

2913

Application,
TRANSCRIPTS,

SMALL Exhibits

ETC.

DRAFT

JMD/esr

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. 2913

Order No. R-2582

APPLICATION OF GULF OIL CORPORATION
FOR A NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 9, 1963, at Santa Fe, New Mexico, before Elvis A. Utz,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of October, 1963, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Gulf Oil Corporation, seeks the
establishment of a 280-acre non-standard gas proration unit in the
Jalmat Gas Pool comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of
Section 29, Township 23 South, Range 37 East, NMPM, Lea County, New
Mexico, to be dedicated to its C. E. LaMunyon Well No. 4 located in
Unit D of said Section 29.

(3) That the proposed 280-acre non-standard gas proration
unit may reasonably be presumed to be productive of gas from the
Jalmat Gas Pool.

(4) That approval of the subject application will prevent
waste and protect correlative rights.

(4) That the C. E. LaMunyon well no. 4 is capable of
draining the proposed non-standard gas proration unit.

IT IS THEREFORE ORDERED:

(1) That a 280-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved; ^{that said} said unit shall be dedicated to the Gulf Oil Corporation C. E. LaMunyon Well No. 4 located in Unit D of said Section 29.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 280 acres.

(3) That this order shall be effective November 1, 1963.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

Case 293

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
F. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

September 17, 1963

P. O. Drawer 1938
Roswell, New Mexico

Case file

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Attention: Mr. J. M. Durrett, Jr.

Re: Application of Gulf Oil Corporation for
Approval of a Non-Standard 280 Acre Gas
Proration Unit, Jalmat Gas Pool, Lea
County, New Mexico

Gentlemen:

Reference is made to your letter of September 13,
1963 advising that you cannot approve administratively Gulf's
subject application.

Will you please set this matter for hearing as
soon as possible.

Yours very truly,

M. I. Taylor
M. I. Taylor

JHH:dch



DOCKET MAILED

Date

9-27-63

R

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

Case 2913

September 13, 1963

C
O
P
Y

Gulf Oil Corporation
P. O. Boxer 1590
Boswell, New Mexico

Attention: Mr. M. I. Taylor, District Production Manager

Re: Application of Gulf Oil Corporation
for Approval of a Non-standard 200-
acre Gas Production Unit, Sunset Gas
Pool, Lea County, New Mexico

Gentlemen:

Please excuse my delay in replying to the above applica-
tion. We received your application during my recent two weeks
absence from the State and it did not come to my attention
until today.

As Rule 5(B) of the General Rules and Regulations
governing operated gas pools in Southeast New Mexico, as
promulgated by Order No. 2-1470, provided that not more
than 100 acres may be assigned to a 600-660 location in
600-acre pools, your application is not eligible for admin-
istrative approval. We will be happy to place your applica-
tion on the docket for hearing if you so desire. If you do
desire a hearing, please advise me at your earliest conven-
ience.

Very truly yours,

J. M. DURRETT, Jr.
Attorney

JMD/esr

Gulf Oil Corporation

ROSWELL PRODUCTION DISTRICT

W. B. Hopkins
DISTRICT MANAGER
M. I. Taylor
DISTRICT PRODUCTION
MANAGER
P. O. Mortlock
DISTRICT EXPLORATION
MANAGER
H. A. Rankin
DISTRICT SERVICES MANAGER

August 19, 1963

P. O. Drawer 1938
Roswell, New Mexico

*ASP-665
See Sept 19*

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Application of Gulf Oil Corporation
for Approval of a Non-Standard 280-
Acre Gas Proration Unit, Jalmat Gas
Pool, Lea County, New Mexico

Gentlemen:

Gulf Oil Corporation respectfully requests administrative approval of a Non-Standard 280-Acre Jalmat Gas Proration Unit covering the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, Lea County, New Mexico. This Non-Standard Unit is to be attributed to the C. E. LaMunyon Well No. 4. In support of this application, the following facts are submitted:

- (1) Applicant's C. E. LaMunyon Well No. 4, located 660 feet from the north and west lines of Section 29, is completed in the Jalmat Gas Pool and is assigned a 160-acre Non-Standard Gas Proration Unit covering the NW/4 by Administrative Order NSP-493 dated June 5, 1959. This well is capable of producing the allowable for the additional acreage.
- (2) An offset operator has recently requested and received approval of a Non-Standard 120-Acre Jalmat Gas Proration Unit covering the S/2 SE/4 and NE/4 SE/4 of this Section 29.
- (3) To protect applicant's leases from drainage, it is proposed to communitize the portion of the M. K. Stewart Federal Lease described as the NW/4 SE/4 with a portion of the C. E. LaMunyon Federal Lease described as the NW/4 and W/2 NE/4 to form the proposed 280-acre Non-Standard Unit.
- (4) The United States Geological Survey's Roswell Office was contacted and applicant was advised that the communitization will be approved if the Oil Conservation Commission approves the proposed Non-Standard Unit.
- (5) The attached plat shows the proposed Non-Standard Unit outlined in red with the Unit Well colored in red. The offsetting Jalmat Gas Proration Units are outlined in green with the Unit Well colored in green.

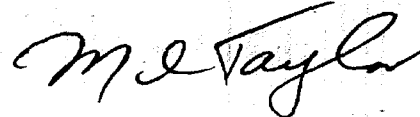


August 19, 1963

- (6) The Non-Standard Gas Proration Unit consists of contiguous quarter-quarter sections.
- (7) The Non-Standard Gas Proration Unit lies wholly within a single governmental section.
- (8) The entire Non-Standard Unit may reasonably be presumed to be productive of gas in the Jalmat Gas Pool.
- (9) The length or width does not exceed 5,280 feet.
- (10) All offset operators in the Section in which the proposed Non-Standard Unit is located and within 1,500 feet of the Unit Well have been furnished a copy of this application.

Respectfully submitted,

GULF OIL CORPORATION



M. I. Taylor

Attachment
JHH:sz

cc: New Mexico Oil Conservation Commission
Post Office Box 1980
Hobbs, New Mexico

Texas Pacific Coal and Oil Company
Post Office Box 4067
Midland, Texas

Continental Oil Company
Post Office Box 1377
Roswell, New Mexico

E. Constantin, Jr.
2900 Mercantile Bank Building
Dallas, Texas

Resler & Sheldon
801 West Texas Street
Artesia, New Mexico

Western Natural Gas Company
823 Midland Tower Building
Midland, Texas

U. S. Geological Survey
Post Office Box 1857
Roswell, New Mexico

No. 28-63

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 9, 1963

9:00 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, examiner, or Daniel S. Nutter as alternate examiner:

CASE 2888: (Continued from the September 4, 1963 examiner hearing)

Application of the British American Oil Producing Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jalmat Deep Unit Area comprising 10,568.81 acres of State land in Townships 21 and 22 South, Range 35 East, Lea County, New Mexico.

CASE 2903: (Continued from the September 25, 1963 examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2907: (Continued from the September 25, 1963 examiner hearing)

Application of Penroc Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Indian Hills-Upper Pennsylvanian Gas Pool underlying Section 19, Township 21 South, Range 24 East, Eddy County, New Mexico.

CASE 2908: (Continued from the September 25, 1963 examiner hearing)

Application of Penroc Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Morrow Section of the Pennsylvanian formation underlying Section 19, Township 21 South, Range 24 East, Indian Hills Field, Eddy County, New Mexico.

CASE 2910: (Continued from the September 25, 1963 examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

CASE 2911:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Francis L. Harvey & Capital Counsellors and all other interested parties to appear and show cause why the Francis L. Harvey & Capital Counsellors Bunce-Federal Well No. 1, located 1586 feet from the North line and 1503 feet from the East line of Section 19, Township 29 North, Range 10 West, San Juan County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2912:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Tamanaco Oil Company and all other interested parties to appear and show cause why the Tamanaco El Poso Ranch Well No. 11, located 680 feet from the South line and 2080 feet from the West line of Section 11; the Tamanaco Pound Ranch Well No. 14 located 740 feet from the North line and 1850 feet from the West line of Section 14, and the Tamanaco Pound Ranch Well No. 27 located 330 feet from the North line and 1501 feet from the East line of Section 27, all in Township 28 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2913:

Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 280 acre non-standard gas proration unit comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its C. E. LaMunyon Well No. 4, located in Unit D of said Section 29.

CASE 2660: (Reopened)

In the matter of Case No. 2660 being reopened pursuant to the provisions of Order No. R-2348, which order established temporary 80-acre proration units for the Middle Lane-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2678: (Reopened)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2659: (Reopened)

In the matter of the Case No. 2659 being reopened pursuant to the provisions of Order No. R-2347, which order established temporary 80-acre proration units for the North Bagley-Wolfcamp Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2658: (Reopened)

In the matter of Case 2658 being reopened pursuant to the provisions of Order No. R-2346, which order established temporary 80-acre

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No. 28-63

proration units for the North Bagley-Upper Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2914:

Application of Humble Oil & Refining Company for an exception to Rule 107 (d) 1, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce oil from the Gallup formation through 4½-inch casing without tubing from its Navajo Tribe Tract 12 Well No. 1, located in Unit B of Section 19, Township 29 North, Range 15 West, San Juan County, New Mexico.

CASE 2915:

Application of Franco Western Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Seven Rivers Unit Area comprising 4,480 acres, more or less, of State, Federal and Fee lands in Township 20 South, Ranges 24 and 25 East, Eddy County, New Mexico.

Case. 2913.

Heard. 10-9-63

Rec. 10-9-63.

1. Grant. Gulf's request. for a 200 ac.
unit in the Jalmatt Gas Pool. consisting
of. $w/2$ NE $1/4$, NW $1/4$, NW $1/4$ SE $1/4$ sec. 29.
23S-37E. Unit well to be the Gulf-
C.E. La Mungon #4, D-19-23-37E.

2. Units N & S of the unit which
would indicate productive acreage.

Thos G. Rye,

P.S. effective 11-1-63,

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JENNIFER WALKER
MEMBER

P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

October 30, 1963

Mr. Bill Eastler
Gulf Oil Corporation
Post Office Box 1938
Roswell, New Mexico

Re: Case No. 2913
Order No. R-2582
Applicant:
GULF OIL CORPORATION

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, JR.
Secretary-Director

ix/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Antec OCC

OTHER

**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. 2913
Order No. R-2582**

**APPLICATION OF GULF OIL CORPORATION
FOR A NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock A.M. on October 9, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 30th day of October, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Gulf Oil Corporation, seeks the establishment of a 280-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, NMPN, Lea County, New Mexico, to be dedicated to its C. E. Lamunyon Well No. 4 located in Unit D of said Section 29.

(3) That the proposed 280-acre non-standard gas proration unit may reasonably be presumed to be productive of gas from the Jalmat Gas Pool.

(4) That the C. E. Lamunyon Well No. 4 is capable of draining the proposed non-standard gas proration unit.

(5) That approval of the subject application will prevent waste and protect correlative rights.

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CASE No. 2913
Order No. R-2582

IT IS THEREFORE ORDERED:

(1) That a 200-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the NW/4, W/2 NE/4 and NW/4 SE/4 of Section 29, Township 23 South, Range 37 East, BDM, Lea County, New Mexico, is hereby approved; that said unit shall be dedicated to the Gulf Oil Corporation C. E. Lammayon Well No. 4 located in Unit D of said Section 29.

(2) That the allowable assigned to the above-described non-standard gas proration unit shall be based upon the unit size of 200 acres.

(3) That this order shall be effective November 1, 1963.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, JR., Member & Secretary

esr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 9, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation for
a non-standard gas proration unit, Lea
County, New Mexico.

Case No. 2913

BEFORE: MR. ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 963-3971

ALBUQUERQUE, N. M.
PHONE 243-8991

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 9, 1963

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation
for a non-standard gas proration unit,
Lea County, New Mexico.

CASE NO. 2913

BEFORE: MR. ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 2913.

MR. DURRETT: Application of Gulf Oil Corporation for
a non-standard gas proration unit, Lea County, New Mexico.

MR. KASTLER: If the Examiner please, my name is Bill
Kastler, employed by and appearing on behalf of Gulf Oil Corporation.
My witness is Mr. John H. Hoover.

MR. UTZ: Any other appearances in this case?

(Witness sworn)

JOHN H. HOOVER,

called as a witness herein, being first duly sworn on oath,
was examined and testified as follows:

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building

Albuquerque, New Mexico Phone 243-6691



DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Hoover, are you, or have you previously appeared and testified as a production engineer and been qualified to do so before the New Mexico Oil Conservation Commission?

A Yes, sir.

Q All right.

MR. KASTLER: Are the witness' qualifications satisfactory?

MR. UTZ: Yes.

Q (By Mr. Kastler) What is Gulf seeking in this application?

A We are seeking approval of a 280 acre non-standard gas proration unit in the Jalmat Gas Pool to be dedicated to its C. E. LaMunyon Well Number Four.

Q Exhibit Number One a plat of the ground involved in the C. E. LaMunyon lease, and if so, what is shown?

A Yes, it is. We have shown on the exhibit this proposed non-standard unit outlined in red. It is described as the Northwest Quarter, the west half, Northeast Quarter, and the Northeast Quarter, Southwest Quarter, of Section 29, Township 23 South, Range 37 East, Lea County, New Mexico.

Q All right.

A The C. E. LaMunyon Well Number Four is located as shown on the plat outlined in red, and located 660 feet from the

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



North and West lines of the this section, Section 29. This well was--

Q 23. Section 29, I beg your pardon.

A 29. This well was originally completed in December, 1944 in the ~~Lanomatic~~ ^{Langtree} Oil Pool, was plugged back to Jalmat Gas in April of 1959. We have also shown on this plat the offsetting gas proration units in the Jalmat Gas Pool, and these are outlined in green with the unit well circled and colored in green. The offsetting units almost completely surround our proposed non-standard unit.

Q Is all of the proposed 280 acre non-standard unit you are seeking approval for here, made up of the LaMunyon lease?

A No, it is not. All of the is except the Northwest Quarter of the Southeast Quarter, which M. K. Stewart Federal lease.

Q Then, you propose to pool acreage; has the USGS been contacted concerning the pool?

A Yes, we do propose to pool acreage. We contacted USGS office and they verbally advised that they would approve the pooling if the Commission approved the 280 acre non-standard unit.

Q The working interests on these two leases entirely owned by Gulf; is that not correct?

A Yes, it is.

Q Royalty under both of those leases is identical?

A It is.

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6601

Q Is that correct? What acreage is dedicated to the C. E. LaMunyon Well Number Four at this time?

A At this time, the well has a non-standard 160 acre unit, which is described as the Northwest Quarter of Section 29.

Q Why is it necessary or advisable to expand the 160 acre unit to a 280 acre unit?

A Recently, an offset operator drilled a well, or completed a well, in the Jalmat Gas Pool, and received approval of a non-standard 120 acre unit. Referring to Exhibit One, this is shown in green and described as the East Half of the Southeast Quarter and the Southwest Quarter, Southeast Quarter of Section 29. This created a need to protect the 40 acre M. K. Stewart lease as well as the West Half of the Northeast Quarter, being the portion of the C. E. LaMunyon lease. We propose to do this by expanding our 160 acres to 280 acre non-standard unit.

Q In other words, the 120 acre non-standard unit of another operator, which is located in the Southeast of your proposed 280 acres, created a drainage situation; is that not correct?

A That is correct, yes, sir.

Q You are attempting to offset, or curtail that drainage by seeking approval of this 280 acre non-standard unit?

A Yes, sir, that is correct.

Q Is there an economic advantage of using the existing LaMunyon Well Number Four as a unit well, rather than to develop another well?



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

A Yes, there is. If we were to use another existing well, we expect the minimum cost to be eight to ten thousand dollars and we can save this amount by utilizing the existing well, that is, existing Well Number Four.

Q Is the C. E. LaMunyon Well Number Four capable of producing the allowable for additional acreage?

A Yes, it is. The last deliverability test was taken on this well in 1962, and had a deliverability of 2292 MCF. In February of 1963, we checked the producing rate to the purchaser and the well produced 29,691,000 cubic feet in 27 days, which is an average of approximately 1100 MCF per day. I have checked the average allowable for 280 acres, for the first nine months of 1963, and find it to be 645 MCF per day.

Q This is what the allowable would be if you had a 280 acre non-standard unit?

A Yes, it would, and in my opinion, that well can easily produce 280 acre allowable.

Q Is this application in the interest of protection of correlative rights and the prevention of waste?

A Yes, it is.

Q All right.

MR. KASTLER: This concludes my questions on direct. I would like at this time to move that the Exhibit Number One be admitted into evidence.

MR. UTZ: Without objection, Exhibit Number One will be



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

entered in the record of this case.

Are you also asking to exception of Rule 5-B of R-1670 as to the location of this well?

A Let's see, Five-B, that is- -

Q 5-B states that 660-660 location, maximum acreage 160 acres.

A Yes, if that is what it takes. I thought the reason for hearing was to get the approval for the 280, which would - - Yes, it would be an exception. That is what we are asking.

Q This is a 660-660 location?

A Yes, it is. I might point out that that rule says that a 660-660 location can only get 160 acres, but you might see up in the south half of section 20, that well is located on a 660-660-1980. It is the same distance from their lease lines as ours is, but they are entitled to 320 acres, without exception. So, we are actually located no closer to lease lines than we would if we were on a 660-1980. I will just bring that out. It is a matter of technicality, as I see it.

Q In other words, they got the 660 location with 320 acres?

A There is a 660-1980, but 660-660 from their lease.

Q Well, the rules state that the boundary of the proration unit, so this 320 to the North would be a 660-660 as far as their proration unit is concerned, would it not?

A Yes, it would. I thought the rule says 660-1980 from the section line, which the proration was a section.



DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6601

Q You are seeking then-

MR. KASTLER: You are seeking the exception?

A Yes, if that is what it takes.

MR. UTZ: Any other questions of the witness?

MR. DURRETT: Yes, sir. Mr. Hoover, you don't want to except to the well location, requirements, you want the exception of the amount of acreage that can be assigned to the well as located; is that correct?

A Yes, that is correct.

MR. DURRETT: Now, I believe you stated on direct examination, in your opinion, approval of this application would prevent waste. I wonder if you would go into some detail on that?

A Well, it will prevent waste in this respect, that it will prevent us from an economic situation of eight to ten thousand dollars that we will have to develop another well. And then, to me, it is waste if somebody else gets the gas under the lease, than the man that is entitled to it.

MR. DURRETT: That is approaching correlative rights?

A Correlative rights, yes, sir.

MR. DURRETT: Now, as a matter of interest, what would be your opinion concerning the area this well is capable of draining, total area; how many acres do you think this well can really drain?

A Well, it is an established fact in a Jalmat Gas Pool that one well can drain 840 acres. I firmly believe that this



well, by drainage and counter drainage, which is the principle of all gas pools being depleted under, is that this well can get its 200 acre share of gas.

MR. DURRETT: But, on a theory of drainage and counter drainage, you would feel that this is the reason that this well in its present physical location can drain what would be the Southeast corner of the proration unit that you are proposing?

A Yes, I believe it can.

MR. DURRETT: Thank you.

MR. UTZ: Any other questions? Witness may be excused. Statements in this case? Case will be taken under advisement. Hearing will be adjourned to 1:15.

* * * *

DEARNLEY, MEIER, WILKINS and CROWNOVER

General Court Reporting Service

Suite 1120 Simms Building Albuquerque, New Mexico Phone 243-6691

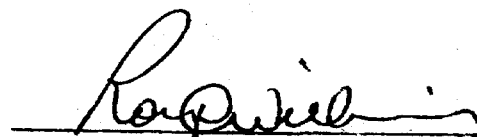


STATE OF NEW MEXICO X

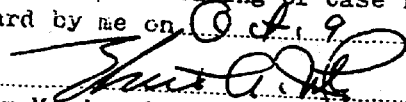
COUNTY OF BERNALILLO X

I, ROY D. WILKINS, a Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal of office this 6th day of December, 1963.


NOTARY PUBLIC

My Commission Expires:
September 6, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2913, heard by me on 01.9.1963.
 Examiner
New Mexico Oil Conservation Commission

DHARNLEY, MEIER, WILKINS and CROWNOVER

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