

BEFORE THE OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

CASE NO. 69

IN THE MATTER OF THE APPLICATION OF OIL OPERATORS IN EDDY COUNTY BY CHUCK ASTON FOR AN ORDER TO DESIGNATE THE 1800' - 2000' PRODUCING HORIZON IN THE FOLLOWING DESCRIBED TRACTS, LOCATED IN THE PREMIER FIELD EDDY COUNTY, NEW MEXICO, AS THE SEVEN RIVERS POOL OF THE PREMIER FIELD AND THAT THIS AFOREMENTIONED POOL HAVE DEFINED POOL STATUS IN ALL MATTERS CONCERNING ALLOWABLE, ETC: S $\frac{1}{2}$ Sec. 22, S $\frac{1}{2}$ Sec. 23, W $\frac{1}{2}$ Sec. 25, ALL SECTIONS 26 AND 27, T. 17s. R. 30E. ALL OIL PRODUCED FROM THE SEVEN RIVERS FORMATION TO BE MEASURED IN SEPARATE TANKS SO THAT PIPELINE RUNS CAN BE PROPERLY RECORDED AND REPORTED. THE MAJOR PRODUCING ZONES IN THE PREMIER FIELD ARE ZONES 5 AND 6 OF THE GRAYBURG FORMATION AND ENCOUNTERED AT DEPTHS FROM 3100 to 3300'.

Pursuant to notice by the Commission, duly made and published setting December 8, 1945 at 10:00 o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the New Mexican Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN E. MILES, State Land Commissioner, Member
HON. R. R. SPURRIER, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Glenn Staley	Lea County Operators	Hobbs, N. M.
Clarence Hinkle	Potash Company of America, Atty.	Roswell, N. M.
Geo. D. Riggs	Geologist	Carlsbad, N. M.
George W. Selinger	Skelly Oil Company	Tulsa, Okla.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
Paul C. Evans	Gulf Oil Corporation	Hobbs, N. M.
Harry A. Aurand	Potash Company of America	Carlsbad, N. M.
M. W. Phelan	Richfield Oil Corporation	Los Angeles, Cal.
George K. Gibson	Richfield Oil Corporation	Los Angeles, Cal.
T. P. Ellsworth	Richfield Oil Corporation	Bakersfield, Cal.
Lewis Finch	Stanolind Oil & Gas Company	Ft. Worth, Texas
J. O. Seth, Atty.	Stanolind Oil & Gas Company	Santa Fe, N. M.
John M. Kelly	Geologist	Roswell, N. M.
C. S. Rose	Repollo Oil Company	Midland, Texas
G. H. Gray	Repollo Oil Company	Midland, Texas
Robert A. Pierce	Potash Company of America	Carlsbad, N. M.
L. W. Lodwick	Independent	Roswell, N. M.
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
Chuck Aston	Consulting Geologist	Artesia, N. M.
Robert L. Bates	State Bureau of Mines & Mineral Resources	Socorro, N. M.

"NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A. M., December 8, 1945:

In the matter of the application of oil operators in Eddy County by Chuck Aston for an order to designate the 1800'-2000' producing horizon in the following described tracts, located in the Premier Field Eddy County, New Mexico, as the Seven Rivers Pool of the Premier Field and that this aforementioned pool have defined pool status in all matters concerning allowable, etc:
S $\frac{1}{2}$ Sec. 22, S $\frac{1}{2}$ Sec. 23, W $\frac{1}{2}$ Sec. 25, all sections 26 and 27, T. 17S, R. 30E. All oil produced from the Seven Rivers formation to be measured in separate tanks so that pipeline runs can be properly recorded and reported. The major producing zones in the Premier Field are Zones 5 and 6 of the Grayburg formation and encountered at depths from 3100' to 3300'.

Given under the seal of said Commission at Santa Fe, New Mexico, on November 21, 1945.

OIL CONSERVATION COMMISSION

BY: (Sgd) R. R. SPURRIER

R. R. SPURRIER, SECRETARY

SEAL"

P R O C E E D I N G S

MR. LIVINGSTON: As the Commission has announced, Mr. Foster Morrell's recommendation as to the Fren pool is to be considered in connection with this hearing.

MR. CHUCK ASTON: As petitioner for the operators requesting the designation of this so-called Seven Rivers Pool of the Premier Field, as set out in the petition, I wish to state these are recommendations for a pool name. This is merely terminology to define producing horizons. I would like to present myself as a witness.

(After being duly sworn, Mr. Aston testified as follows)

MR. ASTON: To qualify myself as an expert witness, I wish to state I attended Oklahoma University and completed a major in petroleum geology and have been employed as geologist in

the area in question for the past 6½ years, the last 2½ years in the capacity of consultant.

It is my definite knowledge the well defined stratigraphic operation of approximately 1200' between the Seven Rivers producing horizon and the Grayburg producing horizons as shown on this Composite Type Log correlation which I would like to submit as Exhibit "A", in evidence.

As shown on this chart, the casing program as set out definitely prohibits co-mingling of the oil from the two producing horizons in the well bore. This procedure is not only to be followed by mutual agreement of the operators concerned in the future, but has been scrupulously followed to date. I would recommend to the Commission that they take such appropriate action as necessary to maintain this segregation by the above casing program. - And that, Gentlemen, is my case.

MR. LIVINGSTON: Mr. Morrell will you now proceed with your Committee's application?

MR. MORRELL: The recommendation of the New Mexico Nomenclature Committee with respect to establishing a new pool to be called the Fren pool is for the purpose of segregating production from the Seven Rivers formation, from deeper production in the underlying Premier and Grayburg-Jackson pools. Production from the Seven Rivers formation in the Fren pool ranges from 1900 to 2300 feet. By comparison the common reservoir of the Premier pool is in the upper portion of the Grayburg formation with pay zones found within depths of 3000 to 3,300 feet. The common reservoir of the majority of production of the Grayburg-Jackson pool is from the Grayburg and San Andres formations. The pay zones range from 3,000 to 3300 feet in the general area of the Fren pool. You will note from the record you received, the acreage recommended to be included in the Fren pool is greater than that presented in the petition

by Mr. Chuck Aston. The Nomenclature Committee Recommendation is to include all production producing from the Seven Rivers formation, whereas Mr. Aston's case involved operators in only a portion of that area. I would like to add for the benefit of the record that the outline of procedure as adopted by the New Mexico Nomenclature committee with respect to separation of pools includes recommendations that production from each separate pool designated by the Commission, the wells in those pools, be drilled and the wells cased and produced as a single common reservoir. The outline of procedure also provides recommendation to be made to the Commission at anytime. Production from each designated pool to be measured, reported and recorded separately from other production.

COMMISSIONER MILES: Any other witnesses?

MR. GEORGE SELLINGER (Skelly Oil Company)

Mr. Aston, as I remember your testimony, you are asking for a new pool designation for the Seven Rivers field. Is that the designation of the Seven Rivers production in the Premier field as a separate pool in so far as matters of pro-rating, etc., are concerned?

MR. ASTON: You mean wells producing from the 1,800 to 2,000 foot formation by giving a separate allowable from wells to the lower Grayburg-Jackson production?

MR. SELINGER: Yes sir. Are you familiar with production generally in this field?

MR. ASTON: Yes sir.

MR. SELINGER: Are there any 40-acre units now that have bored a well to the Grayburg-Jackson deeper pay zones and the Seven River pay zone?

MR. ASTON: Not in the same well, there are 40 acres that have a well to each horizon.

MR. SELINGER: How are they handled by the

Commission at the present time with reference to the allowable?

MR. ASTON: At the present time they have one allowable for the 40 acre unit to be split between the two wells.

MR. SELINGER: Were you here at the hearing last May when the question of deep allowables came up?

MR. ASTON: No sir.

MR. SELINGER: That is all.

MR. SPURRIER: Any further questions?

MR. SELINGER: I would like to make a statement.

I just want to point out to the Commission, last May, I believe, the question of deeper allowables was before the Commission. It was the unanimous recommendation of operators that the deeper pay with respect to allowables to a depth of 5,000 feet. This application is at variance with the evidence presented at that hearing. I am neither opposing nor favoring Mr. Aston's application, but want to point out there is a variance in the evidence this morning and in the May hearing, with particular reference to the separate pool allowables.

MR. ASTON: We are not attempting to obtain an allowable because of depth or in any manner - in other words, I cannot see any association between the two cases as mentioned. We are only asking to make it economically feasible for the operators to develop the two producing horizons as set out. It would be essential that they have an allowable for each pool and I cannot see where it conflicts in any way with the former testimony in May last.

MR. SELINGER: I might say, Mr. Aston, it reflects in this way - At the present time there are 40 acre units receiving unit allowables regardless of the pools from which it produces. You realize your application is a departure from the customary matter of proration in the state. That matter was touched on in the application before the Commission in May because it was a departure from the unit allowable to the 40 acres, regardless of the depth. The purpose of the application at that time was to give a greater allowables to pools in deeper horizons. Your application is from 5,000 feet coming back to the surface, in that way they are related as to pool allowables and the recommendation at that time was not related with this. You understand I am not opposing your application, but calling that to the attention of the Commission, because the matter of the hearing in May is still pending for consideration.

MR. ASTON: In that, so far as the 40 acre unit is concerned, we would not be in variance with the exception of the fact that the 40 acre unit allowable would apply to specific pools.

MR. SELLINGER: In other words, with reference to this particular pay, the 40 acre unit allowable would still remain in effect.

MR. ASTON: So far as this specific pay, that is right.

MR. SPURRIER: Anymore comments from anyone?

(No Comments)

In consideration of the testimony just given, the Commission will take this Case No. 69 under advisement and an order will be promulgated when we have sufficient material to do so.

C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on December 8, 1945, in the matter of the application of Oil Operators in Eddy County by Chuck Aston for an order to designate the 1800'-2000' producing horizon in the following described tracts, located in the premier field Eddy County, New Mexico as the Seven Rivers Pool of the Premier field and that this aforementioned pool have defined pool status in all matters concerning allowable, etc., S $\frac{1}{2}$ Sec. 22, S $\frac{1}{2}$ Sec. 23, W $\frac{1}{2}$ Sec. 25, all sections 26 and 27, T. 17S. R. 30E. All oil produced from the Seven Rivers formation to be measured in separate tanks so that pipe line runs can be properly recorded and reported. The major producing zones in the premier field are zones 5 and 6 of the Grayburg- formation and encountered at depths from 3100 to 3300 feet, Case No. 69, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission.

Vastie Fowler

Vastie Fowler, Reporter