

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 22, 1952

Case 338: In the matter of the application of the Oil Conservation Commission upon its own motion for an order for the extension of existing pools, consolidation of existing pools, or the creation of new pools in Lea, Eddy and Rio Arriba Counties, New Mexico: (a) Creation of a new pool to be known as Gilbert pool for Drinkard production to include all of Section 28, 29, 32 and 33, Township 24 South, Range 38 East, Lea County, New Mexico (Interruption)

MR. SPURRIER: Let the record show that the advertisement had been read.

R. S. BLYNN,

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. GRAHAM:

Q. Will you state your name and position, please?

A. R. S. Blynn, engineer, Oil Conservation Commission.

Q. With reference to the creation of a new pool to be known as the Gilbert Pool for Drinkard production, what is your recommendation?

A. I have prepared a plat showing the proposed outline as advertised and its relationship to the State line. It should be pointed out that Sections 28 and 33 are only partial sections as they butt up against the State line of Texas. I recommend that this pool be created as advertised and I would like to submit as evidence -- as an exhibit this plat.

MR. SPURRIER: Without objection, this exhibit will be received.

Q. Mr. Blynn, with respect to the Commission's application to create a new pool to be known as the Terry Pool to include Sections 1 through 11, 12, Township 21 South, Range 37 East, New Mexico Principal Meridian, Lea County, New Mexico, what is your recommendation on that?

MR. GIRAND: Just a minute. If the Commission please, at this time on behalf of the Fullerton Oil Company and for the purpose of the record, I'm W. D. Girand, Jr., attorney, Hobbs, New Mexico. I would like to call to the Commission's attention that there is also pending in Case 331 filed by the Continental Oil Company in which territory that application is also included in the territory in Case No. 338, subdivision (b). On behalf of the Fullerton Oil Company, a producer in the area, we move that the Case 338 and 331 be consolidated and set out for hearing in February on that hearing date because of conflict in the two applications.

MR. GRAHAM: Mr. Blynn, does your investigation into the matter cause you to recommend -- what?

MR. BLYNN: My investigation into that causes me to recommend that Mr. Girand's recommendation be accepted. I know of no other way that this matter can be handled.

MR. GRAHAM: Then you would recommend continuance of this matter and the consolidation of the two cases?

MR. BLYNN: I do.

MR. COLLISTON: Paul Colliston, representing Continental Oil

Company. I would like to point out to the Commission that in consolidating these cases, there is an allowable differential existing between the Hare Pool and the Fullerton's allowable at the present time. The Hare Pool allowable being 119 barrels and the Fullerton's allowable being 153 barrels. We urge the Commission, that if these two cases are to be consolidated, that the Commission set an allowable of 119 barrels for both parties to exist until the Fullerton's able to show that they are a separate pool. The wells are producing from the same structure, from the same formation.

MR. SPURRIER: How about depth?

MR. COLLISTON: The Fullerton is in a lower depth bracket. But the burden of proof rests with them to show the separation and in order that no inequity can possibly exist, we urge the Commission to set the same allowable for both until the case can be decided upon its merits.

MR. SHEPARD: What is the difference in depth?

MR. COLLISTON: The Hare Pool is from 7 to 8 and the Fullerton is producing slightly below eight thousand (8,000) feet. Otherwise, if the Commission does not see fit to bring everyone under the same allowable, we oppose the consolidation of the two cases. We do have evidence that our extension of the Hare Pool can be shown to be a part of the Hare Pool. Mr. Blymn, I believe, is ready to put that evidence on but I don't know what the exact status of Case 331 is at this time.

MR. BLYMN: I have no evidence with me at the moment, Mr. Colliston. At the time of that last hearing, I had a plat prepared which was entered as an exhibit in support of that case. I don't know where it is, whether it is in Albuquerque with the transcript or whether it is in our file. I did not bring it in here with me.

MR. GIRAND: If the Commission please, we stand on the right of discovering the well. At the time the Fullerton well was completed - - was commenced, we were about three and a half miles step out from any production in the Simpson field. We believe that Rule 505 is a rule and it will always be and it sets out the formula for the proration of discovery of wells and wild-cat wells. We were definitely a wild-cat well at the time we went on production. Now, don't have - - we don't believe any other major should set our allowable until we are in a pool, and then, if we are in the pool, why, of course, the discovery well and the Hare Pool would have a fixed allowable, for the Hare Pool. But we have evidence of faulty conditions but whether or not it leads to a separate reservoir on the east flank of that fall or not, we don't know. We told the Commission before, at the December hearing and we'll say again that we feel that by February we will have enough information due to additional wells going down to determine whether or not we are right.

MR. SPURRIER: Let me interrupt at this point and say that the Commission did not intend that the case in question should be advertised as it was at the January hearing. It should have come up at

the February hearing. It was inadvertently advertised. Do you have something?

MR. GREER: Yes, sir. John Greer, Standard Oil Company of Texas. Standard of Texas has a non-operating interest equal to Continental's in all the acreage that Continental operates in that area. It was on this non-operating venture property of ours that this well was completed in the Simpson formation in that area - our Hawk B-3 No. 1-S, one and a quarter miles east - or west, rather, of Fullerton's well. Considerably before Fullerton's well was started, I believe, and we can now geologically see the connection between Hare Pool and where it was originally discovered completely through to Section 3 and through Section 2. We can't definitely state that there is no connection between that Hare Pool reservoir and Fullerton's well but we cannot find sufficient evidence to warrant separation. We recommend very whole-heartedly to the Commission that they not run the risk of creating an inequity by allowing the difference in allowable between the Hare Pool and Fullerton's well because that is something that is not recoverable whereas if the allowables were to remain the same between the Hare Pool and Fullerton's well, there could be no draining of oil between properties and would only amount to a month or two probably of deferred income, if it could be proven that there is a separation.

MR. SAVAGE: John Savage, Shell Oil of Hobbs. Shell Oil Company wishes to concur with the views expressed by Mr. Colliston and

Mr. Greer. We feel the same way that they do about this matter.

MR. SPURRIER: Does anyone else - - -

MR. BLYNN: I would like to point out at this time, Mr. Commissioner, that the reasons that Fullerton is getting an allowable greater than exists for the Hare Pool is the mechanics of the rules that are currently in effect. It occurs to me that what Mr. Colliston is asking for is an exception of a rule without advertisement.

MR. GIRAND: Well, we take this position. That the allowable of the pools is fixed after a pool is fixed and the Commission will take notice that all the territory under this advertisement as well as in the advertisement under the Continental Case No. 331 has not been affixed to any pool. Then the only rule of proration is the Rule 505 which fixes your allowable on that. And until a pool designation is made, why there can be no determination of the allowable for that particular area. Now, I don't believe that this Commission wants, at this time, to start making exceptions to Rule 505.

VOICE: If it please the Commission - - -

MR. SPURRIER: Mr. Greer?

MR. GREER: It appears to me that the only exception that is being asked is exception to Rule 104-A, which I just received a copy of a little while ago, which insists that Fullerton's well be classified as a wild-cat well only because the Hare Pool boundary

has not yet been extended within one mile of that well from the official standpoint. I think geologically it has been extended but that extension has not been officially approved, and the Fullerton well is under the rules of a wild-cat well. Therefore, the exception that is being requested is the exception to classifying that well as a wild-cat.

MR. GRAHAM: Mr. Blynn, will you again state your recommendation in this matter?

MR. BLYNN: The only recommendation that I can make is to let the thing -- this case be continued -- postponed -- action deferred until the February hearing.

MR. GRAHAM: Until the two cases can be determined at the same time either by consolidation or --

MR. BLYNN: It appears to me that it's necessary to hear the two cases together because they are in conflict.

MR. GRAHAM: Mr. Blynn, the application to create a new pool to be known as the Caudill pool, ^{Terry and the Hare} ~~vein~~ production --

MR. SPURRIER: Does anyone have any comment on that particular paragraph in Case 338, known as paragraph (b) which involves the Terry and the Hare Pool or as the so advertised Terry? If not, the Commission will continue this paragraph in that case to the February hearing which would be February 21st.

VOICE: Mr. Spurrier?

MR. SPURRIER: Mr. Morrell?

MR. MORRELL: Are you having the questions by paragraph as you go through and then come back and summarize?

MR. SPURRIER: Well, do you have a comment - - -

MR. MORRELL: I have a comment under (a). My name is Foster Morrell, U. S. Geological Survey. The recommendation for the naming of the Gilbert Pool. Under Case 338, heard before the Commission on November 20, 1951, these four sections that you are now recommending to be put in the Gilbert Pool are included in what is classified as the West Dollarhide plus four additional sections which is - - - I just offer for consideration by the Commission that rather than to enter an additional name for these four particular sections, the preference for the use of the term West Dollarhide ^{and} Drinker be considered.

MR. GRAHAM: My Blynn, do you have any recollections as to who suggested the name Gilbert Pool?

MR. BLYNN: No, I don't. I first saw it on the advertisement.

MR. GRAHAM: Mr. Blynn, the application of the Commission to create a new pool known as the Caudill pool, ^{the extension} ~~vein~~ production, to include Sections 4,5,8, and 9, 16S, 36E. Have you made a study of that and do you have any recommendations?

MR. BLYNN: Yes. That is known as Magnolia Black and I have prepared a plat outlining those four sections which I would like to enter as an exhibit and recommend that that pool be created as advertised.

MR. GRAHAM: That's your recommendation?

MR. BLYMN: Yes, sir.

MR. GRAHAM: Any questions? The Commission would like to create a new pool to be known as the H Hobbs Sandray Pool, Sandray production to include all Sections 28, 29, 32 and 33, Township 18 South, 39E. Will you, in your own words, state what that situation is and your recommendation, please?

MR. BLYMN: Well, this section was mis-advertised. There is no Section 28; Section 29 is a partial section; Section 32 is a partial section; and 33 is non-existent because it interferes with the State line. This Commission has before it a case entered by the Aurora Gasoline Company for the communitization of lots 3 and 4 in Section 29, and in the face of that, I do not believe that I would care to make any recommendation as to the extent of the East Hobbs San Andres Pool, pending disposition of Aurora's case for communitization of these lots.

MR. GRAHAM: Does anyone have any questions on this. The next item is to create new pools known as King Pool for Wolf Camp production to include all Sections 25, 26 and 35 and 36, 13S, 37E, in Lea County. Will you outline that situation and give your recommendation?

MR. BLYMN: I recommend that the King Pool be created as advertised. I have prepared a plat to enter as an exhibit.

MR. GRAHAM: The next item is the creation of a new pool known

as the North Wilson Pool, Seven Rivers production, to include all Sections 29, 30, 31 and 32, 20S, 36E.

MR. BLYMN: I recommend this pool be created as advertised. I have prepared a plat.

MR. GRAHAM: Any questions on this?

MR. MORRELL: With respect to item 5, North Wilson Pool, which is recommended for Seven Rivers Production, the records of the survey indicate that you have Yates oil production in the SE SW Section 29, which is included in the area and Yates and Seven Rivers Gas in the NE NW Section 32, also included. I thought there you might wish to consider the production for the proposed North Wilson Pool to be classified as Seven Rivers-Yates rather than Seven-Rivers alone.

MR. BLYMN: Rather than Seven Rivers what?

MR. MORRELL: Rather than Seven Rivers alone.

MR. GRAHAM: Do you have any comment on that, Mr. Blymn?

MR. BLYMN: No. Mr. Morrell had some information that I failed to avail myself of.

MR. GRAHAM: The next item to be considered is to create a new pool known as the Lovington-Clearfork, clearfork production to include Section 36, Township 16 South, 36 East, Section 31, Township 16 South, 37 East. In your own words, will you outline that situation and give your recommendation?

MR. BLYMN: I recommend that this pool be created as advertised, with the exception of the name. I recommend that the name

of it be Lovington-Abo to conform with New Mexico terminology rather than Lovington-Clearfork. The extent of it -- the definition of approval to be made in conformance with advertisement.

MR. GRAHAM: Clearfork seems to be a Texas term, is that right?

MR. BLYMN: Yes. That's right.

MR. GRAHAM: Any comment on that?

VOICE: Change it to Abo production too.

VOICE: The term Clearfork in Texas -- I mean the term Abo would be Wichita in Texas.

MR. SPURRIER: The -- -- let's see if we understand you right. The relative -- did you say?

VOICE: Yes, the relative formation compared to the Abo in New Mexico is called Wichita in Texas, I believe.

VOICE: That's right.

MR. GRAHAM: The next item is to extend the Warren-McKee Simpson Pool in Lea County to include the south half of Section 20. What is the situation there, Mr. Blymn?

MR. BLYMN: Well, I recommend that Warren-McKee be included to include the south half of 20. I would like to go further and recommend that it be extended to include the north half of 20, the west half of 17 and the east half of 18. The reason for that is that we have in our files an application from the Amerada Petroleum

Corporation to further extend this Warren-McKee but it didn't get in in time for advertisement. It appears that we will either extend it at this time or next month and I would recommend it be done as a result of this hearing. That is, in addition to what was advertised, the north half of 20, the west half of 17 and the east half of 18. I have prepared a plat showing the recommended extension cross-hatched in green and this additional extension outlined in green.

MR. MORRELL: What is the location of the Amerada well, Mr. Blymn?

MR. BLYMN: SW SW 17.

MR. MORRELL: On that basis, wouldn't you like to include the northeast quarter of Section 19?

MR. BLYMN: I think the suggestion is well taken.

MR. GRAHAM: Your recommendation was made necessary then to advertise the Amerada application?

MR. BLYMN: That's right.

MR. GRAHAM: Any other questions or statements on that? The next item is to extend the Skaggs' Pool in Lea County to include the south half of 18, 20 South, 38 East and the south half of 13, 20 South, 37 East. What is the situation there and your recommendations?

MR. BLYMN: I recommend that Skaggs Pool be extended to include the south half of 13 and 18 and also the north half of 18 and

the south half of 7. That comes as a result that C. W. Sweep just completed a well in the NE NW of 18 and is drilling in the south half of 7.

MR. GRAHAM: Any comment of questions on this Skaggs extension? The next item is to extend the Loca²~~X~~ Hill Queen Pool in Eddy County, New Mexico to include the northwest quarter of 32, 17 South, 32 East.

MR. BLYMN: I recommend that any action on this proposed extension be deferred. I don't know for how long it should be continued. The thing of it is, this McKee well, we don't have all the forms on this McKee well which has filed this request for this extension and until such time as we get complete compliance with the rules on this McKee well, we do not wish to take any action on it. What the continuance would be, I don't know. I don't feel we should take any action on it at the present time.

MR. GRAHAM: Any question, comments on that item? The next item is to create a new pool to be known as the ^{Pettigrew} Agre~~o~~ Tosito Pool, Tosito productions, to include all of Section 9, west half of 10, NW of 15, north half of 16, 26 North, Range 6 west in Rio Arriba County, New Mexico. What is your recommendation on that?

MR. BLYMN: Rio Arriba is in District 3. I have no knowledge of Rio Arriba.

MR. GRAHAM: Do we have anyone from Rio Arriba here? Mr. Morrell, do you have a suggestion?

MR. MORRELL: Yes.

MR. GRAHAM: What might your suggestion be?

MR. MORRELL: I would like to call to the attention of the Commission that in view of the fact that the production of the Toçito pool in 26 North, 6 West has been in existence for several months, that the U. S. Geological Survey has already used for its purpose for defining known structures and classified as the Doswell pool, Doswell field. I merely offer that for consideration by the Commission as to whether or not it would be desirable to have the same location under two names by the two agencies.

MR. GRAHAM: You are, of course, aware of the location of the well and the need for the established pool?

MR. MORRELL: No doubt about it.

MR. GRAHAM: My Blynn, do you have any general statement covering all these cases - all these items we have discussed in this particular case?

MR. BLYNN: No.

MR. SPURRIER: You're excused.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF LOS ALAMOS)

I hereby certify that the foregoing and attached transcript of hearing in Case 338 before the Oil Conservation Commission on January 22, 1952, at Santa Fe is a true record of the same to the best of my knowledge, skill and ability.

DATED at Los Alamos, this 28th day of January, 1952.

Andrey M. Henrikson

My commission expires September 20, 1955.