

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 20, 1952

In the Matter of:

Application of J. H. Elder for
approval of unorthodox location for
Ralph A. Shugart No. 3, 990' from
N and 50' from W of Lot 3, 1-21S-33E,
Lea County, New Mexico.

Case No. 346

MR. SPURRIER: The next case on the Docket is Case No.
346. Without objection let the record show that the notice has
been read.

MR. CAMPBELL: I have one witness to be sworn.

J. D. S I M O N,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

Q State your name, please.

A J. D. Simon.

Q Where do you live?

A Midland, Texas.

Q By whom are you employed?

A J. H. Elder.

Q Have you testified before this Commission in previous
occasions?

A I have.

MR. CAMPBELL: Does the Commission accept the qualifications?

MR. SPURRIER: They will.

Q In connection with your employment, are you acquainted with the application of J. H. Elder in Case No. 346 before the Commission for the unorthodox location in the Lynch Pool?

A I am.

(Marked Exhibit No. 1, for identification.)

Q I hand you what has been identified as Exhibit No. 1 and ask you to state to the Commission what that is.

A Exhibit No. 1 is a subsurface map pertaining to the Lynch Pool, contoured on the top of the Yates lime member, which is also the producing member in the Lynch Reservoir.

Q Was this map prepared in your offices in connection with your employment by Mr. Elder?

A Yes, sir.

Q Will you state to the Commission, using this plat, where you seek to have your unorthodox location for this Shugart, State Shugart "B-3" well?

A It is requested that permission be granted to drill an unorthodox location to be known as Shugart State "B" well No. 3 in Lot 3 of Section 1, Township 21 South, Range 33 East, in Lynch Field, Lea County. The well is to be 990 feet south of the north line, and 50 feet east of the west line.

Q What is the reason for the request for this unorthodox location, Mr. Simon?

A The particular reason for this request is the structural control which we have and which we feel is somewhat prominent in the Lynch Pool, and that allocation anywhere within this particular lot would, indeed, be speculative in view of the water table. Also, we feel that it would be less speculative and we would stand a much better chance of making the well if permission were granted to drill the location as requested.

Q Who owns the lease immediately to the west of this tract for which you made the application?

A To the west, The Texas Company. That is the lease holder.

Q And is The Texas Company an offset operator there?

A They are an offset operator to the lease, to Mr. Elder's lease, but they are not an offset operator to the particular well.

Q The well of Elder offsets the well in which you are seeking the unorthodox location?

A Yes, this particular well offsets Mr. Elder's own well.

Q The unorthodox location is a movement from the center of the 40-acre tract to the west? It is, otherwise, north and south as an unorthodox location?

A That is correct.

Q Has The Texas Company been notified about this unorthodox location?

A Yes.

Q But your testimony is that The Texas Company does not have a well offsetting this proposed location, is that correct?

A That is correct.

MR. CAMPBELL: That is all.

MR. MACEY: Mr. Simon, you made the statement that the well was 990 feet from the north line and 50 feet from the west line. You meant the west line of Lot 3, did you not?

A Yes, sir.

MR. SPURRIER: Are there any other questions of this witness? Mr. Ray?

MR. RAY: With the Texas Company. I would like to ask the witness a few questions. You stated that a location anywhere on Lot 3 might, perhaps, be speculative, that the location close to the west line you feel would give you the best location for this well?

A Yes, sir, that is right.

Q In your opinion, what is the drive mechanism in this reservoir?

A Oh, it is quite well established. It is a water drive.

Q In your opinion, what would a well located, say, within 50 feet of the west line of Lot 3, would the area of drainage of that well be predominantly in the area under Section 4? I mean in Lot 4, pardon me. As I understand, the location is right here.

MR. SPURRIER: Describe it for the record.

Q The proposed location 990 south to north line 50 feet east of the west line, Lot 3, in Section 1?

A Yes.

Q In your opinion, would such a well in that particular location drain the area under Lot 4, which is immediately to the west of the location?

A Well, I believe it would drain Lot 4 to the extent that, I should say that Mr. Elder's No. 2 well is draining the area to the west, which would be The Texas Company's location.

MR. RAY: That is all the questions I have of the witness.

MR. WHITE: You stated because of the water table it was extremely speculative. What is the basis of that conclusion?

A Well, all of the wells within the Lynch Pool produce predominantly water. Well, I should further state that I imagine that most of the wells produce in excess of 50 per cent water, many in excess of 75 per cent, and some in excess of 90 per cent water. Consequently, with as much water as that to cope with, it is indeed speculative as to whether you are not going to drill a well that is going to make 100 per cent water.

MR. WHITE: Is this a horizontal or vertical water drive?

A Would you please clarify that statement?

MR. WHITE: I assume that if you have your water drive, it would be a vertical water drive, it would not be as speculative

as if it were a horizontal water drive and coming from the east.

A Well, I would state that I believe the water drive would be somewhat of a blanket affair there.

MR. CAMPBELL: Mr. Simon, in connection with your Exhibit No. 1 there, you do have contour controls there to the south of this well, do you not? Haven't there been some dry holes drilled on your contour to the south, but you have continued around this well? Does that give you a basis for stating that it is speculative as to whether there will be production from this tract?

A Yes, that is correct.

MR. CAMPBELL: That is all.

MR. SPURRIER: Any further questions? If not, the witness may be excused.

(Witness excused.)

MR. SPURRIER: Do you have a witness, Mr. Ray?

MR. RAY: I would like to present some testimony for The Texas Company, and request I be sworn.

C A R L R A Y,
having been first duly sworn, testified as follows:

MR. RAY: For the record, I would like to state my qualifications. I hold a Bachelor of Science Degree in Engineering from the University of Colorado.

MR. SPURRIER: Have you testified before this Commis-

sion before?

MR. RAY: No, I have not. I have been employed by The Texas Company for approximately four years as field engineer, as reservoir engineer, and at the present time I am handling proration matters for our division office in Fort Worth.

MR. SPURRIER: That is sufficient.

(Marked Exhibit No. 1 for The Texas Company, for identification.)

MR. RAY: I have here a map of the Lynch Pool and have figures in red upon the face of the map showing water production for The Texas Company wells. This data is taken from well productivity tests that were made in the first quarter of this year. Starting in the north area it shows our No. 2 well producing three barrels of water per day. And as we come south through the field, you will note that the water production increases with the No. 4 well on our State of New Mexico "A" lease producing 240 barrels of water per day. These wells are completed at correlative depths and I believe that this will show an edge water drive with the water advancing to the northeast. I submit this to support our contention that the Elder well located 990 feet from the north, 50 feet from the west line of Lot 3 in Section 1 being so close to the proration unit on which the No. 2 Shugart well is located, in effect will give a disproportionate drainage to Lot 4, which is contiguous to our State of New Mexico "A" lease. This is protected by one well, our No. 5 well, which is drilling

in the northeast of the northeast, and we feel that if this unorthodox location is granted, it will give Elder a disproportionate advantage in this field from a drainage standpoint, and will increase the water encroachment on our property. We have no objection to the drilling of the well, but if it is located as he requests, we would like to point out the provision, paragraph "G" of Rule 104 that states "whenever an exception is granted, the Commission should take such action as will offset any advantage which the person securing any exception may obtain over other producers by reason of the unorthodox location."

MR. CAMPBELL: Mr. Ray, what is the position of your company, are you opposing the location?

MR. RAY: We do not oppose the drilling of the well. Our position is that if the location is granted according to your application, that the allowable of the well be reduced by a proportionate factor to put the reservoir in line as provided in Section "G" of Rule 104.

MR. CAMPBELL: Does your company feel that wherever an unorthodox location is granted because of the speculative possibility that a well at the orthodox location might not be productive that the Commission should reduce the normal 40-acre allowable?

MR. RAY: Yes, we do.

MR. CAMPBELL: That is the position of your company in connection with unorthodox location?

MR. RAY: Yes.

MR. CAMPBELL: What was your answer?

MR. RAY: Yes, where the unorthodox location is requested. Where it is not felt that a well would be productive at an orthodox location.

MR. CAMPBELL: Does your company have any unorthodox locations in the Lynch field?

MR. RAY: That I don't know.

MR. CAMPBELL: I refer you to the south, I don't know how the lots are numbered there, to the wells immediately south of the well which you are now drilling or have just been completed in the northeast corner of Section 2.

MR. RAY: Northeast of Section 2. What our No. 2 well.

MR. CAMPBELL: Yes, I believe that is. Have you drilled two wells in that 40-acre tract?

MR. RAY: Yes, we have.

MR. CAMPBELL: Isn't your No. 2 well an unorthodox location as a result of that?

MR. RAY: The No. 2 was drilled after the No. 1 was plugged and abandoned.

MR. CAMPBELL: It is an unorthodox location, isn't it?

MR. RAY: I believe it would be.

MR. CAMPBELL: In connection with the well you are now drilling which you say needs protection up there, that offsets a well of yours in Lot 2 of Section 2, does it not?

MR. RAY: Yes.

MR. CAMPBELL: And you didn't undertake to drill that location until after Elder No. 2 well had been drilled to the east, did you?

MR. RAY: That is correct.

MR. CAMPBELL: And the No. 2 well of Elder was a step out over your own lease 40-acre drilling unit there, was it not?

MR. RAY: That is correct.

MR. CAMPBELL: I think that is all.

MR. SPURRIER: Are there any further questions of the witness? Do you offer this in evidence?

MR. RAY: I offer that in evidence.

MR. SPURRIER: Without objection it will be received.

Mr. Campbell, do you offer this?

MR. CAMPBELL: No, I offer this in evidence. This is the one that was marked. This is just an extra copy.

MR. SPURRIER: Without objection it will be received.

Do you have anything further?

MR. CAMPBELL: No.

MR. RAY: No.

MR. SPURRIER: Does anyone have anything further in this case? We will take the case under advisement and proceed to the next case, which is Case 353, which has been continued from a previous hearing.

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 346 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ day of May, 1952.

REPORTER