

(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 B₂₀ 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~~ ^{you} this geological data, would 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

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

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


Notary Public