

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS
CASE NO. 390

September 16, 1952
Regular Hearing

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

SEPTEMBER 16, 1952

In the Matter of:

Readvertised for further hearing after having been originally before the Commission at the August 19 hearing, this case is concerned with the Commission's application for an order exempting certain legally advertised pools of southeastern New Mexico from the requirements of Rule 301 pertaining to the filing of Form C-116, Gas-Oil Ratio Test, and Rule 506 (d) pertaining to gas-oil ratio limitations. Purpose of readvertisement was to permit inclusion of additional pools upon presentation of proper testimony and recommendations justifying their inclusion.

Case No. 390

MR. SPURRIER: Before we take any testimony on this case, we should be advised that only the pools advertised are the pools effected.

Mr. Selinger, do you have something?

MR. SELINGER: At the August 19 Hearing, when this case was first called, we stated to the Commission our reasons why we felt that the Penrose-Skelly Pool, which is now to be exempt from Rule 506, Paragraph "D", should be likewise exempt from Rule 301. In other words, the Penrose-Skelly Field has always been exempt from its inception and we are asking that this field likewise be exempt from being required to take any gas-oil ratio test at all.

At the August 19 Hearing we introduced an exhibit. We desire to introduce another exhibit which supplements the previous exhibit in that it includes May and June. It indicates that this field averages a production of 3.7 per well for 293 wells and runs an average of 3.6 for 293 wells.

In addition to the previous reasons given on August 19, we wish further to state that the taking of gas-oil ratios necessitates an expense from twenty to twenty-five dollars per well with an average production or runs of a little over three barrels. Each operator required over a weeks production just in order to take a gas-oil ratio test. As it now stands you have a limiting gas-oil ratio. We can't see the necessity for requiring a gas-oil ratio test. These wells have always been exempt from limiting gas-oil ratios. All the gas in the field is legally utilized by the plants in the field and take all the Casinghead gas.

We think it is a useless gesture for operators of 293 wells to have to take gas-oil ratio tests for no purpose whatsoever. The notice which was advertised in Case 390 and re-advertised indicates, with respect to the various fields under Rule 301 with the including statement "and such other oil pools in Eddy, Lea, Chaves and Roosevelt Counties which may be included herein as supported by proper testimony and recommendations adduced at said hearing." We feel this Commission at this particular hearing has justification to include Penrose-Skelly in the list of fields not only to be exempt from Rule 506 but also Rule 301, and we particularly urge the Commission to exempt the Penrose-Skelly area from the working not only 506 but 301.

MR. MACEY: I would like to say in connection with your request, possibly the inclusion was an over-sight on our part. I know that it was supposed to be in Paragraph "A" to be exempt from the requirements of the Rule.

MR. SELINGER: We felt certainly it was overlooked, but unavoidably and inadvertently. We would like to have the record straight.

MR. WHITE: What is the relative gas-oil ratio in the Penrose-Skelly field?

MR. SELINGER: 13,000 for the first six months of this year, 13,560 cubic feet per barrel of the 3.7. All of that gas is being utilized by the plants.

MR. SPURRIER: Anyone else?

MR. PORTER: In the second advertisement of this Case, the Langlie-Mattix Pool should be included in Paragraph "B".

MR. MACEY: Not on this.

MR. SELINGER: That was discussed at the August 19 Hearing and at that time Mr. Macey stated as long as there are new wells being drilled with top allowables they were not going to include it.

MR. PORTER: I don't mean the Langlie-Mattix should be included in the group of Paragraph "A" but it is not listed in Paragraph "B" which we are to be exempt from the limiting ratio.

MR. MACEY: We have a telegram from John M. Kelley.

"R. R. Spurrier, Oil Conservation Commission, Santa Fe, New Mexico. Re: Case 390. Please add the Langlie Mattix Pool

to the list of pools being exempt from the requirements of Rule 506, Paragraph "D". Apparently this pool name was not listed in the advertisement of case 390. This pool is at the present time exempt from Gas-Oil Ration rules. Personal regards. John M. Kelly"

MR. SPURRIER: Anything further?

MR. CHRISTIE: R. S. Christie, representing Amerada.

At the August 19 Hearing we recommended to the Commission that the Bagley Devonian & Hightower Devonian, East Caperock Devonian and Knowles Fields be exempt from the requirements of Rule 301 and also Rule 506 Paragraph "D". We would like to renew that request at this time and also would like to have the testimony of that hearing made a part of the record of this hearing.

MR. SPURRIER: Very well.

MR. SELINGER: Mr. Commissioner, going back to the Langlie-Mattix, I think you will find that covered by Order R-98 "B", in which Langlie-Mattix is specifically stated as having no limiting gas-oil ratio. It was included in R-98 "B".

MR. CHRISTIE: We would like to add another field to the list and include the Moore Devonian.

MR. CAMPBELL: Mr. Jack Campbell, Texas Pacific, we would like the record to show we join in the request of Amerada for the exclusion of the Bagley Devonian Field from the gas-oil ratio test being limited.

MR. BICKEL: Bickel with Shell. We have no comments relative to the specific pools under consideration in this case, any specific pools.

MR. SPURRIER: Anyone else.

MR. MACEY: We have a letter here from the Buffalo Oil Company pertaining to the South Maljamar Pool. It reads as follows:

"Gentlemen: We have notification of Case No. 390 to be heard September 16, 1952, and this is a readvertisement to permit inclusion of additional pools which are to be exempt from regulations pertaining to gas-oil ratio limitations.

The Buffalo Oil Company operates its Cheesman 2-X, which is a one-well pool, designated as the South Maljamar pool, location is NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, Twp. 18S., Rge. 32E., Lea County, New Mexico. This well was completed August 1, 1943, and has a present allowable of only 10 bbls. per day. The well has always been a small well and has produced a very small quantity of gas. The last gas-oil ratio test taken January, 1952, showed a gas-oil ratio of 575. We would like to have the South Maljamar pool included among the pools which are exempt from a limiting gas-oil ratio. This well is in an isolated location and is barely economical to operate. Since the well produces very little gas, we feel there is no necessity to take further gas-oil ratio tests and this will relieve the well of some additional operating cost which will tend to permit longer operation of the well. Yours very truly, BUFFALO OIL COMPANY, By: Ralph L. Gray, Asst. Supt."

MR. SPURRIER: Anyone else? If not, the Case will be taken under advisement and the meeting is adjourned.

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing and attached transcript of hearing before the Oil Conservation Commission, State of New Mexico, at Santa Fe, September 16, 1952, in Case No. 390, is a true and correct record to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 25th day of September, 1952.

Marianna Meier
Reporter