

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

DEC 3 1952

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPTION OF HEARING

CASE NO. 427

November 20, 1952

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ADA DEARNLEY
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ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

November 20, 1952

In the Matter of:

Application of C. H. Sweet, et al, for
order unitizing the west 25 acres of the
NW/4 NE/4 of Section 18, all in Twp. 20
Range 38E, Lea County.

Case No. 427

(Notice of Publication read by Mr. Graham.)

MR. GIRAND: I am W. D. Girand, Jr., Box 1326, Hobbs,
New Mexico, appearing for the application of C. H. Sweet and
wife Imogene Sweet; J. Hiram Moore and wife, Betty Jane Moore; and
Morris R. Antweil and wife Rose S. Antweil. If the Commission
please this is an application to utilize the benefits of Section
69-213 $\frac{1}{2}$ of the New Mexico Statutes of 1941 wherein authority
is granted to the Commission to authorize the unitization of
fractional tracts in order to make a full drilling subdivision.
The leases covering the two tracts or three, there are three
primary leases. Two leases on the 25 acre tract and one lease
on the 15 acre tract. We are attempting here to unitize the two
tracts into a 40 acre operating unit particularly as to the
working interest and down to a depth only of 4,000 feet, that
being the limitation on our working unit. Attached to the
application there is a copy of an agreement entered into by the

owners of the working interest. I have here an original executed copy of that agreement which I would like to offer in evidence and withdraw and substitute a copy.

MR. SPURRIER: Without objection it will be received.

(Exhibit "A" Marked for Identification.)

MR. GRAHAM: What is the ownership status of that land?

MR. GIRAND: The mineral ownership?

MR. GRAHAM: No, is the federal or fee - -

MR. GIRAND: This is fee land.

J O H N W. A D A M S

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. GIRAND:

Q State your name, please.

A John W. Adams.

Q Where do you live?

A Hobbs.

Q By whom are you employed?

A Stanolind Oil Company.

Q In what capacity?

A Geologist and engineering.

Q Have you ever qualified before this Commission?

A No, I have not.

Q Where did you go to school?

A University of Texas.

Q What degree did you obtain?

A Bachelor of Science in Petroleum Engineering.

Q Are you a registered Petroleum Engineer in Texas at the present time?

A In Texas, yes.

Q By whom have you been employed since your graduation?

A By the Magnolia Petroleum Company from 1930 to 1945.

Q In what capacity?

A As Petroleum Engineer.

Q From 1945?

A From 1945 to 1951 by the Fullerton Oil Company.

Q What capacity?

A Drilling and production engineer and various other duties connected with geological and exploration work.

Q Since 1951 when you left Fullerton what have you been doing?

A Employed by the Shannon Oil Company , a producing oil company in the State of New Mexico and Texas.

Q Were you employed by the applicants in this case to prepare certain maps and data relative to the unitization of these two tracts?

A I was.

MR. GIRAND: Is the Commission satisfied with the qualifications?

MR. SPURRIER: It is.

MR. GIRAND: I would like to have this marked as Exhibit "B".

(Exhibit "B" Marked for Identification.)

Q Mr. Adams, I hand you here a plat marked Exhibit "B" and ask you to refer to that plat and tell the Commission what the plat purports to show.

A Exhibit "B" shows on a large scale map the development in direction and diagonal offsets to the sub-acreage. You will notice that legend shows Grayburg producing wells and McKee wells. C. H. Sweet has drilled four wells, one of which is a dry hole. You will notice that Grayburg production does not, has not been, there is no Grayburg production north or east of this 40 acre tract.

Q Now the C. H. Sweet well at the present time is producing from the Grayburg?

A C. H. Sweet Tricky No. 2 is now producing from the Grayburg zone.

Q Are there any offsets to that well?

A There are south offsets and a direct west offset.

Q Does that map properly show the wells surrounding the tract involved here?

A Yes, it does.

MR. GIRAND: We would like to offer Exhibit "B".

MR. SPURRIER: Without objection it will be received.

(Exhibit "C" Marked for Identification.)

Q Mr. Adams, I hand you here a plat, a contour plat marked Exhibit "C" and ask you, did you prepare that plat?

A I did.

Q Would you tell the Commission what that plat purports to show from the standpoint in support of this case?

A You will notice an area outlined in blue which is the same area as covered by the previous exhibit. These contours are on top of a marker which I have called a 3800 foot marker which carries 50 feet above the first pay in this field. It is picked from electrical logs. You will notice that the C. H. Sweet No. 4 Tricky well was a dry hole in this same producing pay to the north of the 40 acres in question. Also that there is no production, as I previously stated, to the north or east. There is a feature here which the No. 4 well discovered which is quite low. There is a definite pitch off there on the north side of the field. We purport to show here that because of this structural condition that this is definitely the edge of the field, the Number Two well is not a marginal well but is not a top allowable well. You will notice that neither J. E. O'Neil nor the Amerada have seen fit to offset the No. 2 well to the Grayburg formation for production.

MR. DIRAND: We offer Exhibit "E".

MR. SPURRIER: Without objection it will be received.

(Exhibit "E" Marked for
Identification.)

Q Mr. Adams, I hand you here an Exhibit marked Exhibit "D" and ask you to tell the Commission what that Exhibit purports to show.

A This Exhibit shows the monthly production and all the

existing production since the drilling of the C. H. Sweet Stanford No. 1 and three and the Tricky No. 2. The No. 2 which is drilled on the subacreage and the Amerada State A-18 lease wells No. 4 and 5, both of which are south offsets to the acreage in question. The Amerada production has maintained the level of top allowable to this date.

Q Pardon me, that is the Amerada wells immediately south?

A Immediately south.

Q Of the tract in question?

A That is right.

Q The C. H. Sweet production, the No. 2 well, currently produces about 18 to 20 barrels per day?

A October, you will notice, shows a lower figure but mechanical trouble was developed in that month. The No. 3 which is a diagonal offset is a poor well, makes five or six barrels a day. The No. 1 well direct west offset and makes about 25 barrels per day. This Exhibit should show that these wells constitute the edge of the field and further drilling in the immediate vicinity would probably not be economically feasible.

MR. GIRAND: We offer Exhibit "D".

MR. SPURRIER: Without objection it will be received.

Q I believe you have answered this, Mr. Adams, but from your examination and your study of the area there, is it your opinion that a well could be economically drilled and a pay out

proposition on the east 15 acres of the 40 acre tract?

A It is my opinion that a well drilled on the east 15 acres of this 40 acre parcel would not be economically feasible. That is, the probability is that an operator would not recover his development cost in drilling by production of a well on that location.

MR. GIRAND: I believe that is all. Does the Commission have any questions?

MR. SPURRIER: Does anyone have a question of this witness? If not the witness may be excused.

MR. GIRAND: That is all we have. I believe we do have a letter from Amerada in the file, consenting.

MR. SPURRIER: Does anyone have a comment in this case? If not the case will be taken under advisement.

(Witness excused.)

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 427 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on November 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 29TH day of November.


REPORTER