

Case 579

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill and ability.

DONE at Santa Fe, N. M., this 9th day of November, 1953.

Marjorie E. Allen
Reporter

SWORN TO before me this 9th day of November, 1953.

McDonnell
Notary Public

My Commission Expires:

CASE 579:

In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order creating the Falby-Yates Pool and deleting certain existing areas from the Cooper-Jal and Langlie-Mattix Pools in Lea County, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to appear and show cause why such creation and deletions should not be made as follows:

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Yates production, designated as the Falby-Yates Pool and described as:

TWP. 24 South, Range 36 East, NMPM
E/2SE/4 of Section 23;
NE/4NW/4, NE/4 NE/4, S/2 N/2,
S/2 Section 24
N/2 Section 25
E/2 NE/4 Section 26

Twp. 24 South, Rge. 37 East, NMPM
W/2 Section 19:
NW/4 Section 30

and such other lands contiguous to said pool as may properly be included therein as supported by proper testimony and recommendations adduced at said hearing.

(b) Delete from the Cooper-Jal Pool in Lea County, New Mexico, the following described area:

Twp. 24 South, Rge. 36 East, NMPM
E/2 SE/4 Section 23
NE/4 NW/4, S/2 NW/4, SW/4 Sect. 24;
NW/4 Section 25;
E/2 NE/4 Section 26

(c) Delete from the Langlie-Mattix Pool, Lea County, New Mexico, the following described area:

Twp. 24 South, Rge. 36 East, NMPM
NE/4 NE/4, S/2 NE/4, SE/4 Sect. 24;
NE/4 Sect. 25

Twp. 24 South, Rge. 37 East, NMPM
NE/4 NW/4, S/2 NW/4, SW/4 Sect. 19;
NW/4 Sect. 30.

COM. SPURRIER: The next case is 579

(Mr. Graham reads the advertisement of the case.)

S. J. STANLEY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MACEY:

Q At the hearing last month, the record shows that you recommended a postponement of thirty days awaiting the outcome of a survey. Are you prepared to testify as to the result of the survey?

A I am.

Q Will you do so please?

(Maps are placed on board.)

A We have concluded Bottom Hole Pressure Survey. I feel the information we have will prove, in my opinion, that the two reservoirs, that is the Queen-Seven Rivers and Yates Sections are separate. They are segregated in this area and I, therefore, recommend that the area we advertised in Case 579 should have Yates production and that it be permissible to co-mingle the Queen and Yates sections. The reason for this is the fact that the Queen section is a very old area. In fact, some of the wells in the Jal area have been drilled in the late 20's and it has been observed throughout the area that the pressures have declined to three hundred or four hundred pounds on the average. That is borne out by the

Western National Gas Company which have completed wells in Queen and Southern California, which has completed a well in Queen. We have attempted to take good wells into consideration to show there is a difference in Bottom Hole Pressure between Yates and Queen. You can see on this contour map there is a difference in Southern California's Russell No. 1, as this Bottom Hole Pressure after 48 hours was 178 pounds. In the meantime, Southern California has flooded back in a diagonal offset on No. 1 and they have plugged off from Queen section and have converted it to a gas well in the Yates section. We are fortunate in obtaining Bottom Hole Pressures in support of these wells. On a gas well completed in the Yates section, it has a Bottom Hole Pressure of 1,065 pounds. The Southern California Russell No. 1, which is a Queen well, as 178 pounds. Therefore, if the two reservoirs were connected over a period of twenty years, pressure should have equalized between the two formations and not created such a differential. And this would prevail throughout the entire area.

In Bates No. 1, natural gas, we have a pressure of 380 pounds. As we previously stated, Southern California's Russell No. 1, in Queen, as a pressure of 178 pounds.

R. E. Olson No. 1 has a pressure of 151 pounds. Therefore, the average pressure which has been recorded in Jal and Queen is three hundred pounds. This is different in the Yates section. As indicated here, the pressures range between 700 and 800 and a low pressure area within the oil section. This is down to structural. I think the

Yates structure is better. I therefore recommend that, due to differential in pressures and available engineering data, that to me means that the Queen and Yates sections are separate zones and should be treated as such.

COM. SPURRIER: Has anyone a question of the witness?

Q (By Mr. Macey) The point involved is the delineation of the Falby-Yates Pool and taking certain areas away as advertised, from the Cooper-Jal and Langlie-Mattix Pools in Lea County and there is one forty acre tract overlapping the Falby-Yates Pool. Can you point that out to the Commission?

A You have reference to West Dunn No. 1. I could get a map here showing where the two fields are separate.

Q You have one forty acre tract in the Falby-Yates Pool where the Langlie-Mattix overlaps it. There is a well that produces out of Queen.

A That is the John M. Kelly Well No. 5, which is a Seven Rivers, and there is a Queen producer which is on the same forty acre tract as the John M. Kelly No. 5. The two wells are on the same forty and one is producing from Queen and one from Yates. However, it is noted there is a considerable pressure differential on these two wells, indicating there is complete segregation in the entire area. The John M. Kelly Well No. 5 has a pressure of 240 pounds, or approximately 300 pounds difference in pressure. These two wells do overlap. One would be in the Langlie-Mattix and the other, even though on the same 40 acres, would be in the Falby-Yates Pool.

COM. SPURRIER: Anyone else have a question?

(No other questions indicated.)

COM. SPURRIER: The witness is excused.

(Witness excused.)

COM. SPURRIER: Anyone else to be heard?

J. K. SMITH: I represent the Stanolind Oil and Gas Company. I would like the Commission to understand that the situation out there is novel and whatever is done by the Commission in this respect, should be done on the basis of it being a unique condition and not as something that may establish a precedent.

JACK M. CAMPBELL: I would like to make a statement on behalf of Gulf. Gulf has no producing wells in this immediate area, as the Commission knows. This is an extremely complicated area and they want to urge the Commission, in view of the long history of production in this area, to proceed with caution against designating the individual pool areas, which have been recognized by the Commission, as consisting of one pool. We have no testimony to offer with regard to this particular case, but we do wish to urge the Commission in reference to this area, to proceed with caution, not upsetting situations which, for many years, have been recognized by the Commission.

COM. SPURRIER: Anyone else?

CLARENCE HINKLE: I represent the Humber Oil and Refining Company. I would like to voice the same statement that Jack Campbell made. We think the Commission should proceed with a great deal of caution because of the record heretofore established in this field. Humber was

was under the impression that the case had been continued because the Commission had not completed Bottom Hole Pressures , and our man has left, but if he had stayed, he would have presented some testimony on behalf of Humber. I would ask, therefore, that this case be continued until the next hearing.

COM. SPURRIER: John M. Kelly is an operator in the area. Humber asked for a postponement last month. They had a man here and let him go and I do not think there is much of an excuse to ask that the case be continued. What precedent is going to be set by having a field designated here, by taking that area out of Cooper-Jal Pool and calling it by another name? That is the same thing the Commission does, month after month.

JACK CAMPBELL: We did not offer any particular objection to this application. However, the fact that this application is made is some recognition that it is rather a complicated geological situation in that area and that the Commission, in considering this and future applications, use caution in each case, so they will not affect rights over a number of years. As to this particular case, we have no pointed objection to make to this application but, in any situation, such as in this area, and I am sure it is not the first or last time this question is going to arise, we simply want the Commission to consider the fact that, over a number of years, this area has been drilled in a manner which has created situations, not particularly in this application, but it may arise in this area in the future.

JOHN M. KELLY: I think your statement is along the line of my

thought of Cooper-Jal and Langlie-Mattix Fields. They cover a tremendous area. This is a local area in these two fields and, for clarification, I believe the Commission should set this field out with a different name. The Commission has even combined other pools together and given them the same name when the fact was found that they were in the same reservoir. The Commission's engineer tells us there is segregation in the area, in the zones and, under the definition of pool, is says: "any underground pool containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separated from any other zone in the structure, is covered by the word "pool" as used herein". So, I think it is within the Commission's power to call it a separate pool. It is a unique case. I am not asking that this be a General Order. I am just asking the Commission to consider this as one general business and set it out for clarification purposes.

COM. SPURRIER: Any one else?

(No other remarks indicated.)

COM. SPURRIER: The Commission would like to have Humber's testimony. Mr. Hinkle, would you ask Mr. Dewey to forward that information, please?

MR. HINKLE: I will be glad to do so.

COM. SPURRIER: The case will be taken under advisement, and we will move on to the next case.