

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

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TRANSCRIPT OF PROCEEDINGS
CASE NO. 701
Regular Hearing

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
May 19, 1954

IN THE MATTER OF:

Application of Claud E. Aikman for
unorthodox gas proration unit.

Case No. 701.

Applicant, in the above-styled case,
seeks an order authorizing the formation
of a 160-acre unorthodox gas proration
unit as an exception pursuant to provi-
sions of Rule 7(a) of Order R-370-A and
consisting of S/2 NE/4 and N/2 SE/4 of Section
7, Township 21 South, Range 37 East, adjacent
to the Eumont Gas Pool, Lea County, New Mexico.

TRANSCRIPT OF PROCEEDINGS

MR. MORRELL: My name is Foster Morrell, Petroleum Consultant,
Roswell, New Mexico, appearing on behalf of Mr. C. E. Aikman in
Case No. 701 for the consideration of the application of Mr. Aikman
for approval of 160 acre unorthodox gas proration unit, being adjacent
to the Eumont Gas Pool, consisting of the south half of the northeast
quarter and the north half of the southeast quarter, Section 7,
Township 21 South, Range 37 East, Lea County, New Mexico. I have
here what is marked Exhibit No. 1 in Case 701, on which is shown the
gas wells located in Section 7 and 8 in Township 21 South, Range 37
East. On this map outlined in red is the 160 acre unorthodox gas
proration unit requested by Mr. Aikman.

The gas wells shown thereon are as follows: The Claude E. Aik-
man No. 1 Currie, located 660 feet from the east line and 1980 feet
from the south line of Section 7. This well was completed July 22,
1953 at a total depth of 3799 feet, plugged back to 3630 feet. Gas
is produced through casing perforation from 3565 to 3630 in the

Queen formation. The initial potential after the acid and dolofrac was three million cubic feet a day with a shutin pressure of 1005 pounds. Gas is currently being sold from this well to the El Paso Natural Gas Company. There is also shown on this exhibit one the Neville G. Penrose well Alves, located 660 feet from the east line and 330 feet from the south line of Section 7, Township 21 South, Range 37 East. This well was completed September 23, 1953 at a total depth of 3602 feet. The gas producing interval is from the 3524 to 3602 feet in the Queen formation. The initial potential of the well after treatment with mud acid and stratafac was 3,221,000 cubic feet of gas per day with a shutin pressure of 1000 pounds. Gas is not being produced from the well at the present time.

The third well shown on Exhibit 1 is Neville G. Penrose, Inc. well #2, Alves, located 1980 feet from the north line and 1980 feet from the east line of Section 18, Township 21 South, Range 37 East. This well was completed October 30, 1953 at a total depth of 3828 feet, plugged back to 3609 feet. The gas producing interval is from 3490 to 3595 feet in the Queen formation. The initial potential of the well after treatment with acid and shot with nitroglycerin was one million and a half per day with a shutin pressure of 1100 pounds. Gas is not being produced from this well at the present time. At the present time the Claude E. Aikman Well No. 1, Currie, is the only well producing high pressure gas in Section 7 and 18. As the well is at present not included in any gas pool defined by the Oil Conservation Commission, the purchaser is taking gas only on the basis of 80 acres within a standard Governmental quarter section attributed to the Aikman well. It is for this reason that Mr. Aikman has filed his application for a 160 acre unorthodox gas proration unit, so that

he may be permitted to recover his just and equitable share of natural gas in the area now proposed to be included in the Eumont Gas Pool by extension thereof, to be considered during this hearing under Case No. 713 (f). We wish to express our endorsement of the proposed extension of the Eumont Gas Pool so far as it includes Section 7, Township 21 South, Range 37 East and the Claude E. Aikman No. 1 well Currie, as it is our opinion that the gas reservoir as developed in the Aikman Well probably belongs in the Eumont Gas Pool.

In support of this opinion, we wish to call attention to the fact that the Eumont Gas Pool was created by Oil Conservation Commission Order No. R-264, dated February 17, 1953 in Case 245. This order provided that the producing formation in the Eumont Gas Pool shall extend from the top of the Yates formation to a point 200 feet below the top of the Queen formation, thereby including all of the Seven Rivers formation. By Oil Conservation Commission order 264-A dated October 17, 1953 in Cases Nos. 245 and 521, it was held that the vertical productive limits of the Eumont Gas Pool as fixed by Order No. 246 should be changed to include all the Queen formation. The producing formations of the Eumont Gas Pool therefore now include all of the Yates, Seven Rivers, and Queen formations.

I have here what is marked Exhibit No. 2 in Case No. 701, being a West-East cross section showing wells in Section 11, Township 21 South, Range 36 East, now within the Eumont Pool to and including Section 7, Township 21 south, Range 37 east.

Exhibit No. 3 is a well map of the area on which is indicated the line of the West-East and north south cross section shown on Exhibit No. 2. Referring to Exhibit No. 2, the three westernmost wells are the Continental Well No. 1, State D-11 in the northwest quarter, southwest

quarter of Section 11, the Two State's Well No. 1 McQuatters in the northwest, southeast Section 11 and the Texas Company Well No. 1 Riddell in the southeast quarter, southwest quarter of Section 12, all in Township 21 South, Range 36 east. These three wells are on a gas proration schedule for April 1954 under the Eumont Gas Pool. You will note from Exhibit 2 that the producing interval from these three wells includes the Queen sand. The Claude E. Aikman No. 1 Currie shown on the right-hand side of Exhibit 2 likewise produces high pressure gas from the same Queen sand formation. It is our opinion, therefore, that the Eumont Gas Pool should be extended to include the Aikman well. It is further stated that the Aikman Well No. 1 Currie was completed and on production prior to January 1, 1954, the effective date for proration of gas in the previously defined Eumont Gas Pool under Order R-370-A dated November 10, 1953 in Case No. 584, and that the Aikman well is within the limits of the pool as proposed for extension of the Eumont Pool under Case No. 713.

The applicant's Currie lease embraces the south half, northeast quarter and the north half, southeast quarter, Section 7, Township 21S, Range 37 east. It is impractical to pool applicant's lease with the adjoining acreage within the east half of Section 7. The owners of the adjoining acreage in said section have not objected to the formation of the proposed unorthodox gas proration unit covering this 160 acre lease. I present herewith as Exhibit Four, a letter dated April 1, 1954 written by Mr. William H. Aikman to the New Mexico Oil Conservation Commission requesting that Claude Aikman be granted a hearing on May 12, 1954 for the formation of the unorthodox gas proration unit, the said unit being the subject of this Case 701.

It will be noted from this letter that copies were mailed to E. G. Rodman, Amerada, Neville G. Penrose, Inc., Tide Water Associated Oil Company, and Continental Oil Company. The parties named are holders of working interest in oil and gas leases in Section 7 and of offset acreage to the east in Section 8. No objections to the gas proration unit requested by Mr. Aikman have been received from these parties. Mr. Rodman has orally expressed his opinion that he offers no objection to the request in this case.

Further, I wish to present as Exhibit 5 a letter dated May 13, 1954 addressed to Mr. Claude Aikman from Mr. John P. McNaughton which states that, "This will advise that Neville G. Penrose Inc. has no objection to the formation of an unorthodox gas unit comprising the south half, northeast quarter and north half, southeast quarter of Section 7, Township 21 south, Range 37 east, Lea County, New Mexico." Neville G. Penrose Inc. owns the shallow operating rights through the Queen formation including the south half of the southeast quarter of Section 7.

We wish to state further that unless a proration unit embracing the south half of the northeast quarter, and north half of the southeast quarter of Section 7 is permitted, Mr. Aikman will be deprived of an opportunity to recover his just and equitable share of the natural gas from the gas reservoir of the Eumont Gas Pool, and that the creation of the gas proration unit consisting of this acreage will prevent waste and protect correlative rights, and is necessary to prevent confiscation of applicant's property.

It is further requested that the proration unit created in respect to this application be granted effective January 1, 1954 so that the allowable thereunder may be effective from that date the same as any standard or orthodox proration unit for said Eumont Gas

Pool.

I wish to enter into the record of Case No. 701 Exhibits 1 through 5 inclusive.

MR. WALKER: Any objections? They will be admitted.

MR. MORRELL: That is all.

MR. WALKER: Any questions of the witness? Any statement?
The witness is excused.

(Witness excused.)

MR. WALKER: The case will be taken under advisement. The next case on the Docket is 702.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 701 was taken by me on May 19, 1954, that the same is a true and correct record to the best of my knowledge, skill and ability.


Reporter