

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 800

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
ROOMS 105, 106, 107 EL CORTEZ BUILDING
TELEPHONE 7-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 16, 1954

Application of Neville G. Penrose, Inc., for approval
of a 160-acre non-standard gas proration unit in the
Eumont Gas Pool: S/2 SE/4 of Section 7 and W/2 SW/4
of Section 8, Township 21 South, Range 37 East, Lea
County, New Mexico.

Case No.
800

BEFORE:

Mr. E. C. (Johnny) Walker
Mr. William B. Macey

Transcript of Hearing

J O H N P. M c N A U G H T O N

called as a witness, having first been duly sworn, testified as
follows:

DIRECT EXAMINATION

By: MR. CAMPBELL:

Q State your name, please.

A John P. McNaughton.

Q Where do you live, Mr. McNaughton?

A Fort Worth, Texas.

Q By whom are you employed?

A Neville G. Penrose, Inc.

Q In what capacity?

A Assistant Vice-President.

Q Mr. McNaughton, are you acquainted with the application
of Neville G. Penrose, Inc.?

A Yes, sir.

Q Which is No. 800 now before this Commission?

A I am.

Q State to the Commission what the applicant is requesting

A We are requesting a non-standard unit of 160 acres which will comprise the south half of the southeast quarter of Section 7 and the west half of the southwest quarter of Section 8, Township 21 South, Range 37 East. We would like to have 160 acre non-standard gas proration unit and 160 acre allowable.

Q Mr. McNaughton, what is the present lease ownership in the two 80 acre tracts that are involved in this application?

A This subject lease is owned by Neville G. Penrose, Inc.

Q Is there a gas well presently located on this acreage?

A Yes, sir.

Q Where is that located?

A In the southeast, southeast quarter of Section 7.

Q And what is the name designation of that well?

A The Alves No. 3.

Q I call the Commission's attention to the plat which was attached to the original application on file with the Commission. Will you give the Commission the top of the pay in that well, the total depth and the initial results of the productions tests on the well.

A The top of the pay is 3523, the total depth is 3602, and the potential test taken in February of this year was 3,221,000 cubic feet of gas.

Q With that potential test, you believe, do you, that this well could make a unit allowable based upon 160 acre unit?

A Yes, sir.

Q Now will you tell the Commission your reason for seeking to dedicate this southwest quarter of section 8, to the gas well in the southeast quarter of Section 7?

A Well, we feel that it is necessary that we have approval of this unorthodox or non-standard unit in order that we can get our fair share of the Eumont gas. The only other alternative would be for us to drill an additional well on the 80 acres referred to in Section 8, which we feel would be an unwarranted expenditure.

MR. CAMPBELL: That is all.

MR. MACEY: Any questions of the witness? Mr. McNaughton, the extension of the Eumont Pool to include the southwest half of the southwest quarter is part of the docket today in case 802?

A Yes, sir.

MR. MACEY: You'd recommend the extension of the Eumont to include your acreage?

A Yes, sir.

Q So that all of the acreage within your unit would be within the Eumont gas pool?

A Yes, sir.

MR. MACEY: Anyone else? If not, the witness may be excused.

(Witness excused.)

MR. CAMPBELL: Mr. Macey, we have a geological witness who we intended to put on some testimony in connection with the extension of the Eumont Gas Pool, if it is agreeable with the Commission. It is not extensive but it will make a record in connection with that portion of our application.

(EXHIBITS NOS. 1, 2, 3, and 4, for applicant, marked by reporter for identification.)

MR. CAMPBELL: Mr. Boruff.

T H O M A S H. B O R U F F, J. R.,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By: MR. CAMPBELL:

Q State your name, please.

A Thomas H. Boruff, Jr.

Q Where do you live, Mr. Boruff?

A At Midland, Texas.

Q By whom are you employed?

A Richard S. Anderson, Inc.

Q What is the nature of that company?

A Mr. Anderson is an independent oil operator and consultant geologist in the West Texas-New Mexico area.

Q In what capacity are you employed there?

A I am employed as a geologist.

Q You have not testified previously before this Commission?

A No, I have not.

Q Will you state briefly your educational and professional background?

A I hold a B. S. degree from the University of Texas, 1951, January, and I have been employed by Richard S. Anderson, Inc., for the past four years.

Q During the course of your employment have you had occasion to make studies and to do geological work in the Lea County area of New Mexico?

A I have.

Q Are you acquainted with the application of Neville G. Penrose, Inc., in the case 800 before this Commission?

A I am.

Q And at the request of the applicant, have you made studies and prepared exhibits relative to the inclusion of the west half of the southwest quarter of Section 8, Township 21 South, Range 37 East, in the Eumont Gas Pool?

A I have.

Q I hand you what has been identified as Applicant's Exhibit 1 and ask you to state what that is.

A This is a structural map on the Queen Sand in the Eumont gas area and it covers the acreage involved in the question, Section 8, west half of the southwest quarter of Section 8, Township 21 South, Range 37 East.

Q I hand you what has been identified as Applicant's Exhibit 2 and ask you to state what that is.

A This is an east to west cross section, a part of the Eumont gas area, crossing this area on the west half of the southwest quarter of Section 8.

Q I now hand you what has been marked Applicant's Exhibit 3 and ask you to state what that is.

A This is the north-south cross section over the same area.

Q I now hand you Applicant's Exhibit No. 4 and ask you to state what that is.

A It is merely a location plat showing the location of the wells on the cross section.

Q Now Mr. Boruff, were these prepared either by you or by your company under your supervision?

A They were.

Q What data did you have available for the preparation of these cross-sections and your contour map?

A The data was obtained from sample logs and electric logs of the wells involved.

Q Now referring to Exhibits where necessary, would you state to the Commission briefly what your conclusions were that you were able to draw, what interpretations you were able to make from the data you had available and from the results of the contour map and the cross-sections?

A Well, from the position of the acreage structurally as indicated by the structural map on the Queen sand and by the cross sections, we, it is our opinion that the limits of the Eumont Gas Reservoir extend beyond the acreage involved in the southwest quarter of Section 8 and as such we recommend that it be or believe that it should be placed within the Eumont Gas Reservoir.

Q Now Mr. Boruff, included in your cross sections, your east-west cross section, did you have available information on a well to the west of the southwest quarter of Section 8?

A Yes, we did, the Continental No. 2, B. Hawk well located to the west -- pardon me, to the east of the acreage involved was not tested in the Queen and is a Drinkard well. However, the sand section in this well from the electric logs is equivalent to those producing in the Queen sand and other wells in that area and we feel that there is no reason why this acreage should not be productive of gas if a well were drilled in the southwest quarter of Section 8.

Q Mr. Boruff, to your knowledge are there any wells in the area involved in this application, the general area involved or the area covered by your cross-sections that are producing oil from the Queen formation?

A To my knowledge there is none.

Q In your opinion would a well drilled in the southwest quarter, southwest quarter of Section 8, produce gas from a gas well in that formation?

A Yes.

MR. CAMPBELL: That is all.

MR. MACEY: Any questions of the witness? You want to offer these exhibits?

MR. CAMPBELL: I'd like to offer Applicant's Exhibits 1 through 4 in evidence.

MR. MACEY: Is there objection to the introduction of Applicant's Exhibits 1 through 4 in evidence? If not, they will be received in evidence. If there are no questions of the witness, he may be excused.

(Witness excused.)

MR. CAMPBELL: I wish only to state that that well was drilled only before Order 520 and with the tolerance allowed in that order in the Eumont gas pool this well is situated on un-
acre
orthodox location for 160/gas proration unit.

MR. MANKIN: The Texas Company as an offset operator to this particular application has no objection to either the non-standard location or the non-standard unit.

MR. MACEY: Anyone else? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, Margaret McCoskey, do hereby certify that the foregoing

and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 23rd day of December, 1954.


Notary Public-Court Reporter

My commission expires:
August 15, 1956.