

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 832

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
February 17, 1955

IN THE MATTER OF:

The application of the Oil Conservation Commission
for revision of an administrative order in creation
of a non-standard gas proration unit.

Applicant, in the above-styled cause, seeks an
order amending Administrative Order NSP-9 and
directing the Texas Company to reduce the size of
the non-standard gas proration unit permitted there-
in to conform to provisions of Paragraph 3 of Rule
5(a) of the Special Rules and Regulations for the
Jalmat Gas Pool, as set forth in Order R-520; the
resulting proration unit to consist of NE/4 SW/4,
E/2 NW/4, and SW/4 NE/4 of Section 21, Township 24
South, Range 37 East, Lea County, New Mexico.

Case No.
832

BEFORE:

Honorable John Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 832.

(Statement of Policy on the Formation of Non-Standard Gas
Proration Units (Presented at February 16 Hearing by W. F. Kitts,
Attorney)).

Considerable confusion has developed in recent weeks regard-
ing the formation of non-standard gas proration units in Lea County
gas pools, and the following statement is presented in an effort
to eliminate this confusion and to clarify the requirements in
filing applications for approval of non-standard gas proration units
in the Southeast gas pools.

The basic considerations for approval of all applications

will be that the formation of such unit will:

1. Prevent Waste
2. Protect Correlative Rights
3. Serve the Best Interests of Conservation

For an application to receive consideration for administrative approval, the unit for which the exception is requested must in all respects meet the requirements of Rule 5(a) paragraph 3 and Rule 5(b) of the various pool rules contained in Order R-520. Any application which does not meet these requirements for administrative approval must be heard after notice at a hearing of the Commission at which time the merits of the application can be considered.

Further, the Commission Staff feels that Order R-520 clearly implies the radius of influence for one well in the various Southeast gas pools, covered by Order R-520, to be 3,735' -- that is, the radius of a circle which will totally enclose a 640-acre section. And that such radius should be applied to all applications for exception to the provisions of Order R-520. Quite naturally, this radius of influence cannot be the only consideration and factors of economics, offset counter-drainage, and good operating practice must be considered. The Commission Staff is aware that each request for approval of a non-standard gas proration unit must stand on its own merits, and be treated individually - and we take note of this fact.

We have briefly outlined our position in an effort to assist the operators in making application for and securing non-standard proration units, and with the hope that the operators can assist the Commission Staff by keeping their units within the limits as set out in this statement, in so far as economics and good operating

practice will permit.

We are certain that we can count on the full support of all of the operators.)

MR. WHITE: The order to show-cause in Case 832 is directed against The Texas Company's Black Well No. 2, to which has been assigned 200 acres of land located in Section 21, Township 24 South, Range 37 East, in accordance with the Commission's Order NSP No. 9. Texas Company takes the position that the order was correctly and properly issued and after the introduction of our evidence we respectfully request that the order be reaffirmed.

WARREN W. MANKIN,

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

DIRECT EXAMINATION

By MR. WHITE:

Q Are you the same Warren Mankin that testified yesterday before the Commission in Case Number 821?

A Yes, sir.

Q Mr. Mankin, I direct your attention to the Black Well No. 2. Are you acquainted and familiar with the facts that led up to the issuance of the Commission's Order NSP No. 9?

A Yes, sir.

Q When was the J. F. Black Well No. 2 completed?

A J. F. Black Well No. 2 was recompleted on August 30, 1946 as a gas well in the Yates Gas Pay in what is presently designated as the Jalmat Gas Pool.

Q Was this well drilled and recompleted prior to the issuance of any gas proration orders?

A Yes, sir.

(Marked The Texas Company's Exhibit "A", for identification.)

Q I direct your attention to Texas Company's Exhibit "A" and ask if that was prepared under your supervision and direction?

A It was.

Q Will you state to the Commission what it is designed to portray?

A It is a gas well plat showing the proposed 200-acre production unit surrounding the Texas Company's J. F. Black Well No. 2 in the Jalmat Pool, located in Section 21, Township 24 South, Range 37 East. The well is located 1980 feet from the west and 1980 feet from the south line of that said section.

Q Does it show the acreage ascribed to this particular well?

A Yes, sir.

Q Does it show the gas wells producing in the adjoining area?

A It does.

Q Were all offset operators notified of the formation of this proposed unit?

A They were, they were notified by registered mail.

Q Does this 280 consist of quarter quarter sections?

A Yes, sir.

Q Does it lie within a governmental section?

A Yes, sir.

Q In your opinion, is it reasonable to presume that the entire acreage is productive?

A Yes, sir.

Q In your opinion, can the one well to which the acreage has

been ascribed efficiently and economically drain the acreage in question?

A Yes, sir.

Q Will you state what the working interests are, whether or not they are common or otherwise?

A They are in common.

Q As to the royalty interest?

A They are common

Q Do you care to make a statement as to the offset drainage?

A We feel that there will be no offset drainage, that the particular well can properly and efficiently drain the unit ascribed to it.

Q In your opinion, would the approval of this unit effect correlative rights to the prejudice of anyone?

A No.

Q Would it tend to commit waste?

A No.

MR. WHITE: I think that is all the questions we have.

MR. MACEY: Any questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. WHITE: We would like to have Exhibit "A" admitted in evidence, and am I right in assuming that the original application and waivers will be a part of this record?

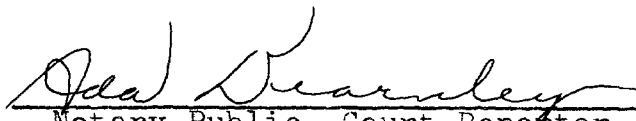
MR. MACEY: Yes, sir. The original application and waivers in each instance is a part of the record, in each case. Is there objection to the introduction of Exhibit "A" in Case 832? If not it will be recieved in evidence. Anyone have anything further in

this case? If not we will take the case under advisement.

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

I, ADA DEARNLEY, Court Reporter, 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 24th day of February, 1955.


Notary Public, Court Reporter

My Commission Expires:
June 19, 1955