

BEFORE THE
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

Santa Fe, New Mexico
February 17, 1955

TRANSCRIPT OF PROCEEDINGS

CASE NO. 833

Regular Hearing

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-21 and directing the Texas Company to reduce the size of the non-standard gas proration unit permitted therein to conform to provisions of Paragraph 3 of Rule 5(a) of the Special Rules and Regulations for the Eumont Gas Pool, as set forth in Order R-520; the resulting proration unit to consist of N/2 Section 20, Township 20 South, Range 37 East, Lea County, New Mexico.

Case No.
833

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 833.

(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 regarding 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 3735' -- 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: In this case the order to show cause is similarly directed to Texas Company's State "H" No. 26 Well, located in Section 20, Township 20 South, Range 37 East, to which 480 acres was assigned by the Commission Order NSP 21, issued October 15, 1954. Texas Company takes the same position in this case that the order, as issued, is valid, and we respectfully request that it be reaffirmed.

WARREN W. MANKIN,

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

DIRECT EXAMINATION

By MR. WHITE:

Q Mr. Mankin, I direct your attention to Texas Company's Well, "H" State No. 26, and ask when that was drilled?

A That was drilled during the month of September, 1954.

Q What gas pool is that producing from?

A Eumont Gas Pool, Queen pay.

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

A It was.

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

A This is a gas well plat, Texas Company's State of New Mexico "H" Well No. 26, a gas well in the Eumont Gas Pool. This particular well is dedicated to a 480-acre unit in Section 20, Township 20 South, Range 37 East, which includes the northwest, northeast and

southwest quarters of that section. The particular well is located 992 feet from the north line and 1654 feet from the west line of said section. Also it shows the only other unit within the section, which is the Vem Oil Company's State "A"20 Well No. 1, a dual completion and producer from the Eumont Gas Pool also.

Q Does this proposed unit, or this unit as presently approved, consist of contiguous quarter quarter sections?

A Yes.

Q Does the length of the unit exceed 5,280 feet?

A It does not.

Q Is it reasonable to assume that the entire area is productive of gas?

A Yes.

Q In your opinion, would the correlative rights of the adjoining acreage be affected in any way?

A No, sir.

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

A Yes, sir, they were. In fact, it requested waivers of Vem Oil Company, who is in the same section, and of Humble Oil and Refining Company, who was within 1,500 feet of the well in the adjoining section, and those waivers were received, and are a part of the Commission records in NSP-21 as waivers received, authorizing the 480-acre unit.

Q What effect would the formation of this unit have upon other units in the area or adjoining area?

A None whatsoever. The section will now be completely developed with two wells, and all units surrounding this have been very com-

pletely developed with other units by other units by other operators.

Q Is there anything further you would like to state to the Commission in this case?

A No, sir.

MR. WHITE: We move the admission of Texas Company's Exhibit "A".

MR. MACEY: Is there objection to the introduction of Exhibit "A" in Case 833? If not it will be received in evidence. Any question of the witness? Mr. Rhodes?

CROSS EXAMINATION

By MR. RHODES:

Q Those oil wells in Section 20 are, without question, Eunice-Monument Oil Wells?

A Yes, sir, as indicated on our plat, the line between the Eunice and Monument goes right through the lease in an east-west direction. Some of the wells are on Monument, and some in Vem are on Eumont. They are all in the Eunice Monument, which is the Grayburg-San Andres, and the gas well is in Queen, which is in the vertical limits of the Eumont Gas Pool.

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

(Witness excused.)

MR. MACEY: Does anyone have a statement before we take the case under advisement, a statement they want to make?... 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 25th day of February, 1955.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1955