

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 867

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
STATE OF NEW MEXICO
Santa Fe, New Mexico

March 16, 1954.

IN THE MATTER OF:

The application of Shell Oil Company
for approval of a non-standard gas
proration unit.

Applicant, in the above-styled cause,
seeks approval of a 320-acre non-stand-
ard gas proration unit in exception to
Rule 5(a) of the Special Rules and Regu-
lations for the Eumont Gas Pool, as set
forth in Order R-520, said unit to con-
sist of Lots 1, 2, 7, 8, 9, 10, 15 and
16 of Section 1, Township 21 South,
Range 36 East, NMPM, Lea County, New
Mexico, and to be dedicated to its
State "M" Well No. 4, located in the
center of Lot 16 of said Section 1.

Case No. 867.

Before: Honorable John F. Simms, E. S. (Johnny) Walker and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case is Case 867.

MR. SETH: We have one witness.

MR. MACEY: Mr. Seth, for some reason, and I have been un-
able to figure out why, this matter was incorrectly advertised when
it was put forth. The application which Shell submitted is correct
and somehow somebody changed the Township from 35 to 36. The orig-
inal application was for a non-standard proration unit under ad-
ministrative action. When I wrote back to the Shell and told them
that we would have to have a hearing on the matter, somehow we got
the township wrong, the location of the well wrong.

In view of the improper advertisement, I don't know whether

we are in order to hear the testimony. I might state further that when Shell made the original application, they advised all the offset operators of the intent in the matter. We did not receive any protest.

MR. SETH: We have responses from all but two of them.

MR. MACEY: Who are the two that you don't have?

MR. SETH: Atlantic responded, they received the notice, but we don't have any from Amerada. Atlantic didn't wish to say yes or no.

MR. MACEY: Mr. Christy.

MR. CHRISTY: It was our understanding at the time that the first application was filed, we thought it was a case for hearing. We didn't furnish a waiver. We were waiting for the hearing to come up.

MR. MACEY: Is anyone here from Atlantic?

MR. SETH: I believe the testimony and evidence will show that all of the interested parties have received notice of it. Perhaps the advertisement might be erroneous, but I believe it will show that all of the adjoining parties have received notice.

MR. MACEY: I agree with you. I think we should go ahead.

H. M. G E R N E R

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Would you state your name please?

A H. M. Gerner.

Q Mr. Gerner, have you testified before the Commission on previous hearings?

A No, sir, I have not.

Q Would you give us a resume of your educational background?

A B. S. degree from Louisiana State University in petroleum engineering.

Q What has been your practical experience?

A I have five years with Shell, three of which were in south-east Lea County.

Q Doing what sort of work? A Petroleum engineer.

Q Are you familiar with the application made by Shell in this particular case? A Yes, sir.

Q The acreage concerned? A Yes, sir.

MR. SETH: Are his qualifications acceptable?

MR. WALKER: Any objection to his qualifications? If not, they are acceptable.

Q Would you state whether or not you have prepared a map of the proposed area? A I have.

Q Would you state to the Commission, please, what Shell's Exhibit 1 represents?

A It is an ownership ^{plat} showing the proposed unit outlined in red and cross hatched. Also the existing gas proration units surrounding the proposed unit with the producing gas wells marked in red.

Q Would you state please, for the record, the legal subdivisions that are proposed to be included within the non-standard unit?

A Lots 1, 2, 7, 8, 9, 10, 15 and 16 of Section 1, Township 21 south, Range 35 east, Lea County, New Mexico.

Q Now, referring still to Exhibit No. 1, would you state please when the well indicated thereon was drilled and the name of

the well?

A Shell State "M" 4 was drilled as a Eunice Field oil well in July of 1937.

Q Was it a single zone completion?

A It was a single zone oil completion at that time. In 1953 the oil zone was abandoned and the well plugged back and completed as a Eumont gas well.

Q What was the designation of the well?

A Shell State "M" 4.

Q When it was drilled was it located in conformance with the spacing regulations then in effect? A Yes, sir.

Q Is the purpose of the present application to increase the size of the proration unit? A Yes, sir.

Q What will be the length and the width of the proposed unit?

A The length will be 5,202 feet, and the width will be 2,640.

Q Does it lie wholly within a single section?

A Yes, sir.

Q Do you have waivers from the offset operators?

A I have waivers from four of the six offset operators.

(Marked Shell Oil Company's Exhibits
No. 1, 2, 3, 4 and 5 for identifica-
tion.)

Q Would you please state referring to Exhibit 2, that is a waiver from whom?

A It is a waiver from the Charm Oil Company.

Q And Exhibit No. 3?

A Waiver from the Sinclair Oil and Gas Company.

Q And No. 4?

A Waiver from El Paso Natural Gas Company.

Q No. 5?

A Is a waiver from the Gulf Oil Corporation.

MR. SETH: If the Commission please, we would like to offer in evidence Exhibits 1, 2, 3, 4 and 5.

MR. MACEY: Without objection they will be received in evidence.

Q Would you please state the offset operators who have not given you formal waivers?

A Atlantic Refining and Amerada Petroleum Corporation.

Q Has Atlantic voiced any objection to the proposal?

A No, sir, they were notified and did not object.

Q Did they advise you that they had certain reasons why they did not wish to execute any formal documents?

A Yes, sir.

Q They had no objection to the unit itself?

A No, sir.

Q The other operator, Amerada, you have not received a response from them?

A No, sir.

Q Are there any dry holes within the proposed area?

A No, sir.

Q Are there any immediately offsetting the area?

A No, sir.

Q Is there production offsetting the proposed area?

A Yes, sir.

Q In your opinion, will the entire proposed unit area be productive?

A Yes, sir.

Q Has application been made, this application made so that you will have an opportunity to recover your fair share of the

recoverable gas?

A Yes, sir.

Q Will the creation of this non-standard unit tend to prevent waste and the drilling of unnecessary wells?

A Yes, sir.

Q Will its creation protect correlative rights?

A Yes, sir.

Q And be in the best interest of conservation?

A Yes, sir.

Q Will the entire proposed area be dedicated to the Shell State "M" 4 well?

A Yes, sir.

Q What was the potential of the well, do you have any figures on that?

A Two point one million cubic feet per day.

MR. SETH: That is all the questions we have.

MR. MACEY: Any questions of the witness?

By MR. MONTGOMERY:

Q Where is the well perforated?

A You want the footage perforation?

Q Well, do you have the gauge?

A It is in the Yates principally. There are about eight to ten feet lapping into the Seven Rivers.

Q Most of the oil wells, the rest of the oil wells on that tract are in the what?

A Queen or lower.

Q Then we have a Eumont gas well and Eumont oil well?

A Yes.

Q The acreage has already been dedicated to the Eumont oil well?

A Yes, sir.

By MR. REIDER:

Q Well No. 7?

A Yes.

Q Our map shows that just as a location. Has that well been drilled?

A Yes, it has been drilled. It is shown with the same legend as the rest of the wells.

Q I am referring to our ownership map. It shows it is just a location.

A No, it has been completed as a Queen producer.

Q As a Queen producer?

A Yes.

Q It could have been completed as a gas well?

A Yes.

By MR. MONTGOMERY:

Q What do you propose we do since the acreage has already been dedicated to the Eumont Pool?

A Well, in looking at the map there are about five Eumont oil wells offsetting this property. There are about six Eumont gas wells, and I believe about eight Eunice oil wells. To protect our property this is the only solution I see.

Q In other words, you do not feel there is any vertical communication between the oil and gas? A No.

Q If the Commission sees fit to grant the order, would the temporary order based on the outcome of the Eumont area be satisfactory? A Certainly.

MR. MONTGOMERY: That is all.

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

(Witness excused.)

Anyone have anything further in this case?

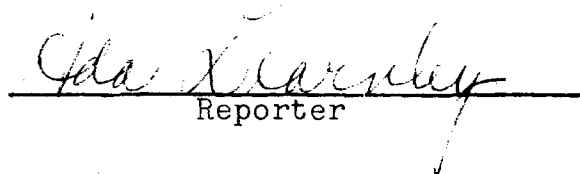
MR. SETH: We would like to point out that the acreage is approximately 315 acres. It is an off size, for the record.

MR. CHRISTY: R. S. Christy, Amerada Petroleum. We offset the acreage and we have no objection to the creation of 320 acre proration.

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

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. 867 was taken by me on March 16, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.


Reporter