

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 28, 1955

IN THE MATTER OF:

CASE NO. 918-919

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 28, 1955

IN THE MATTER OF:

Application of Gulf Oil Corporation for approval
of a 320-acre non-standard gas proration unit
in the Jalmat Gas Pool, Lea County, New Mexico,
to consist of the S/2 of Section 16, Township
25 South, Range 37 East, and to be dedicated to
applicant's Arnott Ramsay "E" Well No. 2, SW/4
SE/4 of Section 16.) Case No. 918

Application of Gulf Oil Corporation for approval
of a 320-acre non-standard gas proration unit
in the Eumont Gas Pool, Lea County, New Mexico,
to consist of E/2 of Section 22, Township 21
South, Range 36 East, to be dedicated to appli-) Case No. 919
cant's Harry Leonard "A" Well No. 3, NW/4 NE/4) (Consolidated)
of Section 22.)

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next cases on the docket are Cases 918 and 919.

MR. MALONE: May it please the Commission, Ross Malone, for Gulf. Gulf is the applicant in Cases 918 and 919, and we would like to request that Cases 918 and 919 be continued and placed on the regular July docket.

MR. MACEY: Any objection to continuance of Cases 918 and 919? We have before the Commission a motion for continuance in Cases 918 and 919. Mr. Campbell?

MR. CAMPBELL: Jack M. Campbell, Roswell.. I would like to make a statement in Case 918, in behalf of Leonard Oil Company.

When this application was made for administrative approval, Leonard Oil Company filed a protest to such administrative approval, and in view of the fact, that upon additional study, our protest still stands, but is based on slightly different grounds. I feel it appropriate to advise the Commission and Gulf representatives as to the present position of Leonard Oil Company in connection with Case 918. The Commission records will show that there is now drilling, a well in the northeast quarter of the northeast quarter of Section 16. Gulf has been approached upon the question of whether, if that is a gas well, they would be willing to pool their 120 acres in that quarter section.

There is, of course, the subject well in the southeast quarter of Section 16, to which Gulf seeks to have a 320-acre allowable granted. It is our understanding and position, that the Gulf No. 4 Well in the southwest quarter of Section 16 is a gas well, producing from within the limits of the Jalmat Gas Pool. Gulf has advised us that they are considering re-working their Well No. 1 in the northwest quarter of that section, to make a gas well out of it.

It is our position that under all of those circumstances, Section 16 lends itself in an ideal fashion to four 160-acre gas proration units, allocating 160 acres to each of the four wells. To wit: the Leonard Oil Company well in the northeast quarter; the Gulf well in the southeast; the Gulf No. 4 in the southwest and the Gulf No. 1 Well in the northwest quarter of the section.

MR. MALONE: May I ask Mr. Campbell a couple of questions?

MR. MACEY: Yes, sir.

MR. MALONE: It is true, is it not, that Leonard is the owner of only 40 acres in the northwest quarter?

MR. CAMPBELL: I stated that we had approached Gulf on the question, if that is a gas well in the Jalmat Pool, would they consider pooling their acreage for that well.

MR. MALONE: May I inquire whether, at the time the notice of intention to drill the well, the application of Gulf for the 320-acre unit was on file?

MR. CAMPBELL: I believe it was. I do not know when the application was filed. I believe the notice of intention to drill was on file at that time, but, the well had not, of course, been commenced at that time.

MR. MALONE: Thank you.

MR. MACEY: Do I understand the applicant, you still wish to continue Cases 918 and 919?

MR. MALONE: Yes.

MR. MACEY: Is there objection to the continuance of 918 and 919 to July 14th? Without objection the two cases will be continued to that date.

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 7th day of July, 1955.

My Commission Expires:
June 19, 1959

Ada Dearnley
Notary Public, Court Reporter
ADA DEARNLEY & ASSOCIATES
STENOTYPE REPORTERS
ALBUQUERQUE, NEW MEXICO
TELEPHONE 3-6691

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
July 14, 1955

IN THE MATTER OF:

CASE NO. 919

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

A Yes, sir.

Q Are you familiar with the application of Gulf in Case 919?

A Yes, sir.

Q What is sought by that application?

A In this application Gulf is requesting a 320-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the east half of Section 22, Township 21 South, Range 36 East, Lea County, New Mexico.

Q To what well is it proposed to attribute the acreage?

A The Leonard, Harry Leonard "A" Well No. 3, located 660 feet from the north line and 1980 feet from the east line of said Section 22.

(Gulf Oil Company's Exhibits No. 1,
2, 3, 4 marked for identification.)

Q Will you examine the instruments that have been identified as Gulf's Exhibits 1, 2, 3 and 4 and state what each portrays?

A Exhibit No. 1 in Case 919 is a unit plat which outlines the proposed 320-acre unit, together with the unit well. Exhibit No. 2 is the same plat except we have superimposed thereon the top of the Yates contours. Exhibit No. 3 is a general area plat showing the proposed unit as well as other units in the immediate area which have been approved for Eumont gas proration units. Exhibit No. 4 is a radioactive log for the unit well, Harry Leonard "A" No. 3.

Q Were those exhibits prepared by you or at your direction?

A Yes, sir.

Q They correctly portray the information that is available to you from Gulf's files?

A That is right.

~~Q Will you give the Commission a brief history of the Harry~~

Leonard "A" Well No. 3, which is the proposed unit well?

A This well was plugged back from 3895 to 3708 feet on October 1, 1951, in the Eumont Gas Pool. It is now producing through 5½ inch casing from perforations 3495 to 3695, which is indicated on the radioactive log. This is from within the vertical limits of the Eumont Gas Pool. It is the Queen formation.

Q What disposition is being made of the gas from this well at the present time?

A It is connected to Gulf's Eunice high-pressure gas system, which is utilized for gas lift purposes. The gas is produced along with gas lift oil and separated and goes to one of the following gasoline plants: Gulf, Skelly, Warren or Phillips. We don't know which molecule goes where. All gas goes to plants and then is processed afterwards.

Q Residue gas sold?

A Yes.

Q Is the well producing any fluid at this time?

A No, sir.

Q What is the situation as to the well producing at this point?

A The well is closed in at this time, to balance overproduction of 107,736 MCF. I don't know the date of that figure. It may have changed since this was written up.

Q I notice on Gulf's Exhibit 1 there is indicated two oil wells, No. 4 and 5, within the proposed unit, in addition to No. 3 which is the proposed unit gas well. From what pool are the 4 and 5 producing?

A Well No. 5 is producing from the Eunice Field, Grayburg. Well No. 4 is an abandoned producer in the Eunice Field, Grayburg

formation.

Q Who is the owner of the leasehold rights in all of the proposed unit?

A Gulf Oil Corporation.

Q Who is the owner of the royalty interest?

A State of New Mexico.

Q What information do you have as to the deliverability of this well?

A Based on that 320 acre unit, allowable assigned it would then be 1538 MCF per day; the deliverability rate as 600 pounds per square inch wellhead pressure would be approximately 2300 MCF per day. Open flow calculations, 3650 MCF per day.

Q Have you made a study of the available information to determine whether or not the acreage included in the proposed unit can reasonably be presumed to be productive of gas?

A Yes, sir. The Well No. 3, top of the Yates there is 3500 feet, which is about a plus 97 subsea and there is about 300 feet, approximately 300 feet there to the gas-oil contact in this area. Down to the south end of the unit, there is only about 70 feet of drop in the structure contours, which would leave maybe 230 feet of possible gas zone before we hit the gas-oil contact.

Q Is it your opinion that all the acreage would be productive of gas?

A Yes. I believe they would.

Q In your opinion would the approval of the proposed unit prevent waste?

A We think that it would prevent waste, yes, sir.

Q Would it adversely affect correlative rights of any interested

party?

A I have no reason to think that it would adversely affect correlative rights of anyone.

Q Is there any further information concerning this application which you can give the Commission?

A I believe that you have covered it very well, Mr. Malone.

MR. MALONE: I offer in evidence Gulf's Exhibits 1, 2, 3 and 4.

MR. MACEY: Without objection they will be received. Any questions?

CROSS EXAMINATION

By MR. RIEDER:

Q I refer you to Order R-520, and I believe in Order R-520 it clearly limits, or gives, certainly, a suggestive area for wells location 660?

A Yes.

Q You recall that. I believe it is 180 acres, is that not correct?

A Yes.

Q Do you have any reason to believe that this well situated and located as it is would tend to adequately drain the 320 acres proposed without some possible infringement on the correlative rights of offsets?

A We feel just as we discussed in the prior case, that there is a compensating drainage that all operators have to go along with in these shallow gas pools. There are many other units that have been approved with the location of 660 for 320 acre unit.

We feel that if we are direct offset, and someone asked for

such a unit, we have no objection because we think that over the long haul we will get our share of the gas and the other man will get his share of his gas.

Q However, in this area, there is a rather obvious lack of development of the gas acreage?

A Yes, sir, that is right.

Q There would be a rather apparent immediate inequity established?

A Well, we feel that there has been a lack of development in the area, but I can't say that will continue, Mr. Rieder. Actually, some of the old wells drilled through that gas before didn't test the gas, they went on down to the Grayburg. The Humble Well 5 on the east of our unit possibly would make a good gas well at this time, but when those wells were drilled they weren't interested in gas or gas production. It was a nuisance factor. In all probability you will find some stimulation in the area in the future.

MR. RIEDER: I believe that is all.

MR. MACEY: Mr. Mankin.

By MR. MANKIN:

Q I have just one question. The perforations that are open, does that include Yates and Seven Rivers or Queen?

A I believe that is just Queen.

Q Just Queen?

A Yes.

Q The records didn't quite reflect which it was. In some cases it showed Yates, Seven Rivers and Queen.

A I believe the log would help you out on that.

Q Just Queen?

A Yes, sir.

MR. MACEY: Anyone else have a question of the witness?
If not, the witness may be excused.

MR. MALONE: Nothing further.

(Witness excused.)

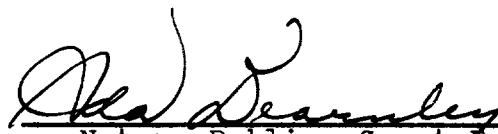
MR. MACEY: Anyone have anything further in this case?
If nothing further, we will take the case under advisement.

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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 July, 1955.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1959.