

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 982

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
December 14, 1955

IN THE MATTER OF:

CASE 982:

Application of the Mapenza Oil Company for an order approving a non-standard gas proration unit in exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool contained in Order R-520. Applicant, in the above styled cause, seeks an order establishing a 160 acre non-standard gas proration unit consisting of the N/2 NE/4 Section 19 and S/2 SE/4 Section 18, Township 21 South, Range 37 East; said acreage to be dedicated to applicant's Makin Drilling Company No. 1 Warlick-Queen Well located in the NE/4 NE/4 Section 19, Township 21 South, Range 37 East, Lea County, New Mexico.

BEFORE:

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

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 982.

MR. QUINN: We have some exhibits to be marked.

(Exhibit No. 1, Mapenza Oil Company, marked for identification.)

J O H N W. A D A M S,

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

DIRECT EXAMINATION

BY MR. QUINN:

Q Will you state your name, please?

A John Adams.

Q And what is your address, Mr. Adams?

A Hobbs, New Mexico.

MR. KITTS: Just a moment, please. If the Commission please, would Counsel state his name for the record?

MR. QUINN: John Quinn, from Hobbs.

Q Who are you employed by, Mr. Adams?

A Mapenza Oil Company.

Q What is your capacity? A Petroleum Engineer.

Q Mr. Adams, have you testified before the New Mexico Oil Conservation Commission as an expert on prior occasions?

A I have.

MR. QUINN: Are Mr. Adams' qualifications acceptable?

MR. MACEY: Yes, sir, they are.

Q Mr. Adams, there has been an application filed for the Mapenza Oil Company in Case No. 982; will you tell the Commission what you know of that application?

A That application requests a 160-acre gas proration unit in the Eumont Pool; it is located in the cross-section lines, the S/2 SE/4 Section 18 and the N/2 NE/4 Section 19, Township 21 South, Range 37 East, Lea County, New Mexico.

Q What action does Mapenza seek by this application?

A Mapenza wishes that this acreage be assigned a 160-acre proration unit in the Eumont Gas Pool with its allowable as such.

Q Mr. Adams, I will hand you Exhibit No. 1, which has been introduced and ask you to define that.

A This Exhibit shows the producing wells in four sections and immediate area of interest; it shows the producing oil and gas for-

mations of all wells, including oil and gas. It also shows the acreage requested in the proration unit.

Q What acreage is that, Mr. Adams, can you give the description?

A Yes. It is the S/2 SE/4, Section 18, N/2 NE/4 Section 19, Township 21 South, Range 37 East.

Q Where is the Unit Well located there?

A The well is located 660 feet from the north and east lines of Section 19.

Q Can you give a brief history of this well to date?

A This well has just been drilled and completed this past month; it was drilled to a total depth of 3,650 feet, and completed in the Queen Gas Sand, and that is the entire producing interval, no other formations are open to production in the well.

Q Have you studied electric logs of this well, Mr. Adams?

A Yes, I have.

Q And what do you gather from studying the electric logs of this well?

A From studying the electric logs and the fact that the well was also cored for its entire pay section, my conclusion is that the well is producing from the interval which is the top -- from the top of the Queen to a point approximately 20 feet above the Grayburg Formation.

Q Does this well produce any fluid?

A No, it produces dry gas only.

Q By whom are the operating rights in this tract owned, Mr. Adams?

A The operating rights under this well are owned by Makin

Drilling Company and the Ohio Oil Company.

Q Has Mapenza reached an agreement with the operators for pooling of these tracts?

A Yes.

Q In the event this is approved by the Oil Conservation Commission?

A Yes, that is correct. We have, in our files, executed communitization agreements between all of the working interests and all of the royalty owners which number approximately 35, by the way, with one exception. We have got a 1/64th royalty interest which is not communitized.

Q Is the well producing at the present time?

A The well is shut in awaiting pipeline connection.

Q There is no State or Federal land included in this unit, is that right?

A That is right.

Q Have you made a study of the information available that you have in an effort to determine whether all of the acreage which is included in this unit can reasonably be assumed to be productive of gas?

A I have, yes. I have made that study and come to the conclusion that all of the acreage should be productive of gas.

Q That is your opinion after such study?

A Yes, it is.

Q Would you point out other gas wells in this area?

A On this particular plat, there is only one other Eumont Gas Pool Well, which is a Penrose No. 2 Alves Well, located on the SW/4 of the NE/4 Section 18.

Q In your opinion, would the granting of Mapenza's application prevent waste and protect correlative rights?

A It would.

Q Is it your opinion that the well could produce the additional allowable which would be granted if this application is approved?

A In my opinion, it would.

Q Would you care to make a statement to the Commission, Mr. Adams, as to the extension of the Eumont Pool, which, I believe, is not covered in that 80 acres, is that right?

A This plat shows that the present field limits, or pool limits of the Eumont Pool include all of Section 18; this requested proration unit lies half way into the pool limits, the north half of the northeast quarter, Section 19, is not included in the Eumont Gas Pool. The well is located on the NE/4 NE/4 Section 19, and is, therefore, outside of the Pool limits.

Q And it is your opinion that the pool limits should be extended to include this 80 acres of the unit?

A Yes, it is my opinion that the pool limits should be extended for at least that 80 acres.

Q Is there anything further which you would like to state to the Commission concerning Mapenza's application?

A Only one other thing, is that the application was made for this well and approved as a well to be drilled and completed in the Penrose-Skelly Oil Pool. The reason for this ---

Q Did you make an application for that?

A I made that application, yes, and I made the application in an undesignated gas area, and it was changed by the Commission and placed in the Penrose-Skelly Oil Pool, even though the well was to be completed as a gas well. The reason for this was that the Commission preferred to actually place the well location in a geographical

limit of a pool in Lea County.

Q Are you, at this time, asking that this designation be changed?

A I am asking at this time that the designation be changed and that our application be considered to place the well in the Eumont Gas Pool.

MR. QUINN: That is all I have. Do you gentlemen have anything?

MR. MACEY: Any questions of the witness?

MR. NUTTER: This is not a question, but I might state right here that Paragraph "U" of Case 984 of the Nomenclature provides that the N/2 of the NE/4 of Section 19 will be included in the Eumont Gas Pool.

MR. QUINN: We thought we would make that statement, however, at this time, as to why it should be.

MR. PORTER: What producing formation is this well producing from?

A From the Queen.

MR. PORTER: I might state, for the record, the reason we placed that well in the Penrose-Skelly Pool is because the Queen Formation is identified with the present verticle limits of the Penrose-Skelly.

MR. MACEY: Anyone else have a question of the witness?

MR. KITTS: In your application, you referred to a letter from one working-interest owner stating that when the well is completed he will enter into a communitization agreement.

A That is correct.

MR. KITTS: Do you have that letter or a copy of it?

A We have that in our files; we do not have it here.

MR. KITTS: I wonder if you could make a copy of that available?

A We certainly will.

MR. MACEY: Anyone else have a question of the witness?
The witness may be excused.

(Witness excused.)

MR. MACEY: Did you introduce your exhibit?

MR. QUINN: Yes, sir.

MR. MACEY: Exhibit 1 will be received without objection.
Do you have anything else to offer?

MR. QUINN: No, sir.

MR. MACEY: We will take the case under advisement, and
take a short recess.

(Recess.)

* * * *

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : ss
COUNTY OF BERNALILLO)

I, THURMAN J. MOODY, 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, this, the 16th day of December, 1955.


Court Reporter.

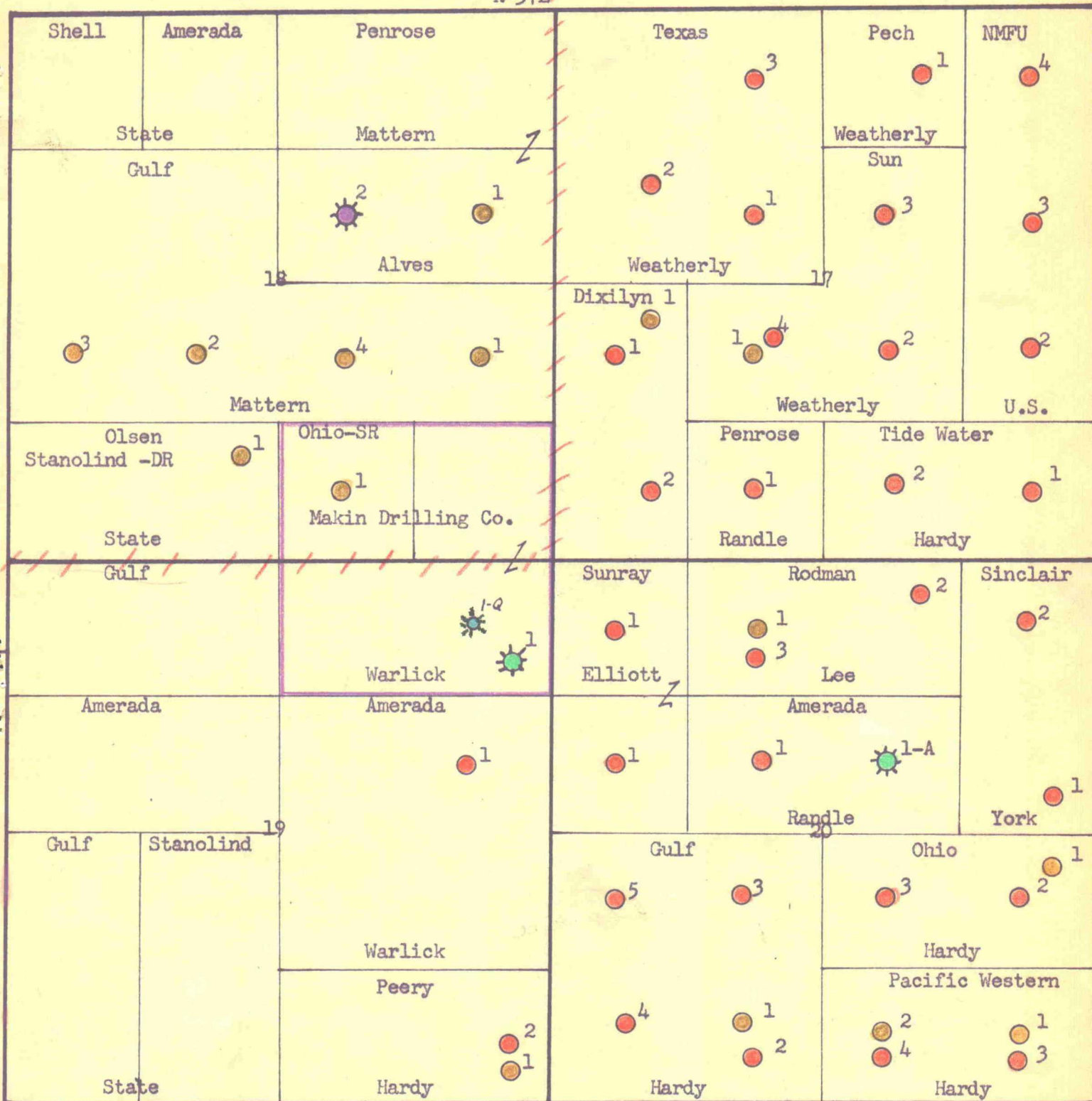



Exhibit _____


Case No. _____

January 13, 1955

Makin Drilling Company Application for Creation of Unorthodox
Proration Unit

Producing Formations: Blinebry Gas , Drinkard , Penrose-Skelly ,

Queen Gas ,

Proposed Unit .

Eumont Pool Limit

Hobbs, New Mexico

11-11-55

Scale: 1" = 1/4 mile

J. W. Adams

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 2860