

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
February 8, 1956

IN THE MATTER OF:

CASE 1011

TRANSCRIPT OF PROCEEDINGS

REGISTER

HEARING DATE

February 8, 1956

TIME 10:00 a.m.

R. I. Montgomery	OCC	Hobbs
J. A. Moore	Schermerhorn Oil Corp.	Hobbs
C. M. Kiedel	OCC	Hobbs.
W. C. Harrison	Gulf	Roswell
J. L. McCellan	Gulf	Hobbs
W. G. Shopt	U. S. GS	Hobbs
W. J. Wheeler Jr	Continental	Eunice, N.M.
Paul Shopt	Continental	Hobbs, N.M.
C. R. Smith	Continental Oil	Eunice, N.M.
W. E. Allen	Continental Oil	" "
W. G. Abbott	Amerada Pet Corp	Monument, N. Mex
J. S. Denny	Humble Oil & Refining Co	Midland Texas
James H. Hinkle	" " " "	Roswell, N.M.
R. M. Felt	" " " "	" "
H. C. Heald	" " " "	Hobbs N.M.
Frank O. Elliott	J. E. Elliott	Roswell N.M.
Don Walker	Gulf Oil Corp.	St. Worth, Tex
K. Malone	Gulf & Standard	Roswell N.M.

REGISTER

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L.W. Eaton, Jr. Standard

Roswell, N.M.

E. Donald Kage Standard

Roswell, N.M.

J.W. Adams Mapenza Oil Co.

Hobbs, N.M.

E.B. Kirkpatrick Gulf

Hobbs, N.M.

Z. H. H. C.C.

Santa Fe.

Victor T. Lyon Continental Oil Co. Ft. Worth

Jason W. Kellahut " " " Santa Fe

J.A. Moore " " " Roswell NM

R.C. Lanner " " " Eunice NM

IN THE MATTER OF:

The application of Schermerhorn Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520. Applicant, in the above-styled cause, seeks an order establishing a 320 acre non-standard gas proration unit consisting of the SE/4 of Section 24, NE/4 of Section 25, Township 22 South, Range 35 East; said acreage to be dedicated to applicant's Amerada-State No. 1 Well located 660 feet from the east line and 1980 feet from the south line of said Section 24, Jalmat Gas Pool, Lea County, New Mexico.

The application of Schermerhorn Oil Corporation for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Jalmat Gas Pool as set forth in Order No. R-520. Applicant, in the above-styled cause, seeks an order establishing a 320 acre non-standard gas proration unit consisting of the SE/4 of Section 24, NE/4 of Section 25, Township 22 South, Range 35 East; said acreage to be dedicated to applicant's Amerada-State No. 1 Well located 660 feet from the east line and 1980 feet from the south line of said Section 24, Jalmat Gas Pool, Lea County, New Mexico.

BEFORE:

TRANSCRIPT OF HEARING

HEARING EXAMINER MANKIN: Hearing will come to order. We will have a slight change in our cases that we will have today. The Continental and Gulf will be put on later as all of their people have been delayed by airplanes for the moment. First case that we will have today is Case 1011, the application of Schermerhorn Oil Corporation for a non-standard unit. Those witnesses that are to testify in this - - - Will you swear those?

J. H. MOORE

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

MR. MANKIN: Would you identify yourself and I don't believe Mr. Moore that you have previously testified before this Commission.

MR. MOORE: I have not before this Commission, but I have before the Commission in Santa Fe. I qualified up there in Santa Fe.

MR. MANKIN: You qualified as an expert petroleum engineer, was it, or geologist?

Mr. MOORE: Yes, that is correct.

MR. MANKIN: And you are going to testify today in that same respect, and your name is J. H. Moore, and you are representing - - -

MR. MOORE: Schermerhorn Oil Corporation.

MR. MANKIN: As a petroleum --- as a geologist.

MR. MOORE: That is correct.

MR. MANKIN: Your qualifications are acceptable. Proceed.

MR. MOORE: Our application is for a 320 non-standard unit. We have one completed well and it is assigned a 160 acre allowable at the present time. This well is capable of producing far in excess of the one unit allowable, and we would like to present Exhibit A which shows the location of the tract and the location of the adjoining 160 acre tract which is in separate - - different section across section lines.

MR. MANKIN: Before you start Mr. Moore, did you say it is now assigned a 160 acre allowable - this particular well.

MR. MOORE: That is correct.

MR. MANKIN: And today you are - - -

MR. MOORE: Making application to extend the unit to 320 acres, and we ask for a 320 acre allowable to be assigned to the well. Exhibit A shows the location of the well over the present unit of 160 acres and the adjoining 160 acre tract which we would like to be included in the unit. This exhibit also shows contours on top of the Yates sand, which is the gas productive horizon. I would like to present Exhibit A.

MR. MANKIN: For the record would you identify the well, its position and the unit which you are requesting so that everyone is aware of it.

MR. MOORE: Alright. The well is Schermerhorn Oil Corporation Amerada-State No. 1 which is located in Section 24, Township 22 South, Range 35 East, Lea County. It is in the Jalmat Pool. The well is located 1980 feet from the south line and 660 feet from the east line of Section 24. The unit is called the Schermerhorn Oil Corporation Amerada

State Unit. The second exhibit which I would like to present is a back pressure data sheet for the well. This is the only test made on the well, and it shows the open flow potential of the well, the Schermerhorn Amerada State No. 1. That test was taken 6/23/55, which was the last complete test taken on the well which was - - the test was made by El Paso Natural Gas Company who is the purchaser of the gas. The open flow - - the absolute open flow for this well is 19,700 MCF. This data sheet also shows the calculated rate at several different flows. That is flowing at different pressures, that is against different back pressures. It shows a seven million delivery rate against a pressure of 574, that is approximately the line pressure.

MR. MANKIN: That is identified as Exhibit B.

MR. MOORE: That is right.

MR. GURLEY: Do you wish to testify any further in this case?

MR. MOORE: No. I believe that that is all the testimony I have.

MR. MANKIN: Mr. Moore, I notice from the gas well plat that was submitted with the application, that Carper Drilling Company has completed an oil well in the NE/4 of the NE/4 of Section 24 which is in the 160 acres just north of the unit requested, and to what zone is that particular well completed?

MR. MOORE: I believe that the present status of that well is a gas well. It might have been completed an oil well but I know from being on the ground that it is connected into a high pressure line. I would say that it is probably a gas well producing some oil. That perforated lower in the Yates sand.

MR. MANKIN: It is productive in the Yates.

MR. MOORE: Basal part of the Yates, yes, sir. The Schermerhorn Amerada State Well is in the upper part of the Yates. It is completed lower than the Schermerhorn I believe. I am not sure but I think it might be on the gas schedule.

MR. MANKIN: Is the well in question in this case producing any liquids?

MR. MOORE: We have no separator at the well. It does not make any fluid with the

gas. We don't capture any.

MR. MANKIN: You have no knowledge that it has made or is making any fluid.

MR. MOORE: No.

MR. GURLEY: Mr. Moore, as to the ownership of the minerals under the 320 - Schermerhorn owns the entire piece of acreage.

MR. MOORE: Schermerhorn and their partner Kenwood Oil Company own all of the lease interests under, that is the working interest leases on the two quarter sections that is correct. The state owns all of the royalty. There are two overriding royalty interest owners.

MR. GURLEY: And who are they?

MR. MOORE: Amerada owns an overriding royalty under the north 160 and an individual in Houston owns an override on the south part.

MR. GURLEY: Do you have the name of that individual?

MR. MOORE: Mildred P. Moore.

MR. GURLEY: And Amerada owns an overriding royalty on the north part.

MR. MOORE: 1/16th of 8/8ths. 5% of 8/8ths.

MR. GURLEY: You have notified all of the offset operators of the intentions for this unit.

MR. MOORE: Yes, sir.

MR. GURLEY: Do you have available the names of those?

MR. MOORE: The offset operators.

MR. GURLEY: Yes. Will you read that into the record please?

MR. MOORE: Cities Service Oil Company, Carper Drilling Company, Amerada Petroleum Corporation, Atlantic Refining Company and Mr. J. E. Cone. I believe that is all of the offset operators - lease operators.

MR. GURLEY: Have you had any answer to these letters?

MR. MOORE: No replies. No correspondence from any offset operators.

MR. GUNDEL: How long ago did you send them a copy of your application?

MR. MOORE: We sent them a copy at the same time we ask for this hearing which was January 11th, 1956.

MR. GUNDEL: That is all.

MR. DANIEL: Mr. Moore, this 320 acres in question in this case, is that one state lease in other words

MR. MOORE: No, two separate state leases which we are combining.

MR. DANIEL: Is it common beneficiary?

MR. MOORE: To the state.

MR. DANIEL: Yes.

MR. MOORE: I couldn't answer that. I don't know for sure.

MR. DANIEL: Have you made a request to the New Mexico State Land Office for this acreage to be consolidated or communitized?

MR. MOORE: Not yet. We plan to do that as soon as the application is approved.

MR. GUNDEL: Would you carry that out at your earliest possible convenience so that we might have that in our records for considering before approval. You will get that permission from the Land Office.

MR. MOORE: Yes.

MR. GUNDEL: You don't happen to have the numbers of the state leases do you?

MR. MOORE: No I don't have them.

MR. GUNDEL: We would like to have them for the file. That is all.

MR. DANIEL: Mr. Montgomery or Mr. Rieder. Is there further questions of this witness? Did you wish to introduce these Exhibits A and B in evidence in this case?

MR. DANIEL: Yes.

MR. TANNIN: Is there objection to the entering of Exhibit A and Exhibit B in evidence in this case? If not, they will be so entered as exhibits, in this particular case. If there is no questions of the witness, the witness may be excused. We will take the case under advisement.

STATE OF NEW MEXICO)
 : ss
COUNTY OF SANTA FE)

I, Bobby Postlewaite, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated At Santa Fe, New Mexico this 5th day of March, 1956.

Bobby Postlewaite
J