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BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1019

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
February 15, 1956

IN THE MATTER OF :

CASE NO. 1019: Southeastern New Mexico nomenclature case calling for an order redefining the vertical and horizontal limits of the Penrose-Skelly Oil Pool, extending the horizontal limits of the Langlie-Mattix Oil Pool, abolishing the Arrow Gas Pool and extending the horizontal limits of the Eumont Gas Pool in Lea County, New Mexico.

- (a) Redefine the vertical limits of the Penrose-Skelly Oil Pool as only from the Grayburg formation and delete the following area from the field:

TOWNSHIP 22 SOUTH, RANGE 37 EAST

Section 20: E/2
All of Sections 21, 22, 23, 26, 27 and 28
Section 29: E/2
All of sections 32, 33 & 34
Section 35: W/2

TOWNSHIP 23 SOUTH, RANGE 37 EAST

Section 2: W/2
All of Sections 3, 4, 5
Section 6: E/2
All of Sections 8, 9, 10
Section 11: W/2
Section 14: W/2
All of Sections 15, 16, 17
Section 20: N/2
Section 21: All

- (b) Extension of the Langlie-Mattix Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST

Section 20: E/2
All of Sections 21, 22, 23, 26, 27 & 28
Section 29: E/2
All of Sections 32, 33, 34
Section 35: W/2

TOWNSHIP 23 SOUTH, RANGE 37 EAST

Section 2 : W/2
All of Sections 3, 4, 5
Section 6: E/2
All of Sections 8, 9, 10
Section 11: W/2

Section 14: W/2
 All of Sections 15, 16, 17, 20 & 21
 Section 28: N/2

(c) Abolish the Arrow Gas Pool in Lea County, New Mexico.

(d) Extension of the Eumont Pool to Include:

TOWNSHIP 21 SOUTH, RANGE 36 EAST
 All of Sections 23, 24, 25 & 26
 Section 27: E/2
 All of Sections 35 & 36

TOWNSHIP 21 SOUTH, RANGE 37 EAST
 All of sections 17, 19, 20, 21, 30 & 31

TOWNSHIP 22 SOUTH, RANGE 36 EAST
 All of Sections 1 & 2
 Section 11: NE/4
 All of Sections 12 & 13

TOWNSHIP 22 SOUTH, RANGE 37 EAST
 Section 7: W/2
 All of Section 18
 Section 19: N/2

BEFORE:

Mr. E. S. (Johnny) Walker
 Mr. William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 1019.

R. F. MONTGOMERY

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

DIRECT EXAMINATION

BY MR. KITTS:

Q You are the same Mr. Montgomery that just testified in the previous case, is that right? A That's right.

Q Mr. Montgomery, will you tell the Commission what your recommendations are in this case, and the reason for it, in Paragraph A?

A I recommend that we redefine the vertical limits of the Penrose-Skelly Oil Pool as only from the Grayburg formation. At the present time we have it classified as the Grayburg formation. The reason for wanting to reclassify this pool in these limits is due to the recent encroachment of dry gas production from the Eumont Pool. In the northern portion of the Penrose-Skelly, we have essentially -- it is a grayburg oil production and behind the pipe on these wells is the Queen sand which is potentially a fairly large size dry gas reserve, and the gradual encroachment from the Eumont into the Penrose, so we were overlapping, one gas and one oil, and that is the propose of this to do away with that particular problem but due to the Queen wells that are in the Penrose-Skelly, as presently exist on the southern portion, we propose to abolish the areas advertised in the southern end and extend the Langlie-Mattix in that direction which includes the Queen in its vertical limits. I realize that there possibly is some wells that I have in the Langlie-Mattix extension that pobsibly have some Grayburg oil. This is something I couldn't have too much control over, because there is very few radio active gamma ray logs in this area. Of course, the companies have logs in their own files, but those files aren't always in excess. They have always been available upon request, but no immediate problem will exist if we can go ahead at this time. I think we have taken care of most of the cases and extended the Langlie-Mattix up to take care of this Queen.

Now, if and when the operator wants to develop his Queen in that and he comes in, it will be no trouble at all to move the pool slightly. I do suspect we will want, in some areas, to move the boundary a mile possibly, in some cases, but I think it causes no economic problem

at this time to go ahead as we have it. Furthermore, we would like to abolish the Arrow Gas Pool and extend the Eumont to take care of that as advertised; the reason being that the Arrow and the Eumont have the same vertical units and they are contiguous now on many of the corners and edges.

Q You are recommending the extension of the Langlie-Mattix Pool only as far as its horizontal limits are concerned, is that correct?

A The horizontal limits, that is correct. I have one exhibit which I will make as Exhibit No. 1

MR. KITTS: We offer in evidence Exhibit No. 1.

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

MR. KITTS: No, sir.

MR. MACEY: Anything further of the witness?

MR. COUCH: I have a couple of questions.

EXAMINATION BY MR. COUCH:

Q Mr. Montgomery, as I understand it, looking at the docket sheet, subparagraph a there, which proposes to redefine the Penrose-Skelly as to the advertisement there, and subparagraph b, to extend the Langlie^Mattix to include the property listed in subparagraph b there; the areas are identical, are they not, except I believe there is one half section different?

MR. NUTTER: Two.

A That is right.

MR. NUTTER: There is two.

Q In any event, it is substantially the same there, and it will

result in the Penrose-Skelly Pool in that particular area having only the Grayburg as the designated producing formation.

A That's right.

Q And that which was formerly within the vertical limits of the Penrose-Skelly and that particular area, as Queen would be now within the limits of the Langlie-Mattix Pool, as so extended?

A Which area?

Q The area that is described here under subparagraph a.

A That is correct.

Q (Then the extension of the Eumont Pool in subparagraph d, that area, is that identical with the present limits of the Arrow Gas Pool?

A Yes, and taking in some more acreage to make it contiguous.

MR. COUCH: I will have a statement, Mr. Macey.

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

If not, the witness may be excused.

(Witness excused.)

MR. MACEY: Does anyone else have any statements?

MR. COUCH: I have one statement in connection with this case that as is the case in any of these vertical redelimitations, there will probably be some wells, in fact I think the Ohio has one well which was drilled many years ago as a Penrose-Skelly Oil well and has some perforations or open hole that extends from the Queen formation on down into the Grayburg and the Ohio, therefore, recommends as was done in the redefinition of vertical limits of the Eumont Pool and appears in Order R-520, that some provisions be included in the commission order in this case which will authorize the commission or its staff to classify a well falling into such category as that,

that is what is now the Langlie-Mattix and what will now be Penrose-Skelly. Without a classification of the Commission as either the Penrose or Langlie, and in that connection, if the Commission thinks it is necessary of the operators to submit data --

MR. MACEY: I think that is your intention, isn't it, Mr. Montgomery?

MR. MONTGOMERY: Yes, sir. If there is any doubtful cases, we will -- I have not felt any personal need for what Mr. Couch has asked for. Possibly in some cases, if the operator wants to reclassify that would be fine, we would not have a necessity to have that. You did not mean on every well?

MR. COUCH: It was my recommendation from a legal standpoint that this order contain authority for the Commission to classify a well as being a Penrose-Skelly or a Langlie-Mattix Well, depending upon what the facts show when that well has perforations in what will now be the Langlie-Mattix Pool and the Penrose-Skelly Pool and merely that this order contain authority authorizing you to make a classification unless it carries such a provision I doubt if the Commission is authorized to classify the well under the State Wide rules. I think you need such provision and that is the only reason I suggested it.

MR. MONTGOMERY: Legally that probably might be correct, but you were probably referring to the Penrose-Skelly and the Eumont instead of Skelly.

MR. COUCH: As I understand your facts, you are going to delete the Queen from the Penrose and to the area defined in subparagraph a of your document, and you are going to then move the Langlie-Mattix Oil Pool over that same identical area and it will include,

as a producing formation, the Queen formation?

MR. MONTGOMERY: Yes.

MR. COUCH: That Queen formation, that identical Queen formation, would have normally been, and now is, a producing formation of the Penrose-Skelly. Now, by the vertical change, you are going to say there is a well that comes through the Queen and the Grayburg, it is now a Penrose-Skelly well, because both the Penrose and the Grayburg are Penrose-Skelly producing formations. When you create the Queen, that well is still there, it is still open in the Queen and the Grayburg, but the vertical limits of the Langlie-Mattix Oil Pool now includes that section of the Queen formation.

MR. MONTGOMERY: The horizontal limits are not the same, nowhere do they overlap between the Penrose-Skelly and Langlie-Mattix. The Penrose-Skelly and Langlie-Mattix will not overlap in any one point, they will never overlap. They will be one on the top of the other.

MR. GURLEY: To clarify his question, the well in question is in an area which will now become the Eumont and Penrose-Skelly. In other words, the northern end of the Penrose, the southern end will become Langlie-Mattix, and his well in question is in the northern end of the Penrose-Skelly, which will be Grayburg from the Penrose-Skelly, but will be Eumont from the Queen, so it has no relation to the Langlie-Mattix.

MR. MACEY: Yes, but his request that the order contain a provision for classification of those wells when you have Queen and Grayburg open in the same well is well founded, because you have got to have something to tie it to. In other words, if he had a well on -- I would take a guess, and --

MR. COUCH: It is immediately west of those 300 wells.

MR. MACEY: Up in the northern end of the pool and would be dependent upon the Commission to classify those as to Penrose-Skelly or Eumont.

MR. COUCH: Right, and authority for that should be in the order.

MR. MACEY: In reference to the Arrow and Eumont Gas Pools, there has got to be an effective date set up in order to do away with one pool and incorporate it into another pool for proration purposes.

MR. MONTGOMERY: I would recommend a date not earlier than April first.

MR. MACEY: Well, maybe April first will be all right.

MR. MONTGOMERY: April first or May first.

MR. MACEY: From an allowable standpoint you have got to work something out of a consolidation of the pool and allowable dates. I don't know exactly how we will do it, but we have got to do it some time. There is a differential in the allowables, but I don't know whether big or little.

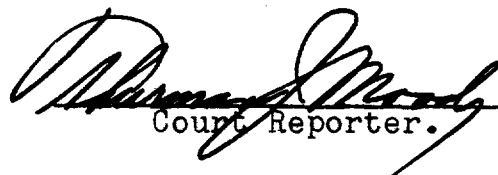
MR. MONTGOMERY: There was one other thing I failed to mention. Possibly we will have a case. I know of one case on this particular lease where there is one well within the horizontal limits of the Penrose-Skelly, but will also be within the horizontal limits of the Eumont, but it is an oil well, and it is a possibility that on some leases we will have a Eumont oil well and Penrose-Skelly in the same lease. There should probably be a provision in that order for comingling such as we had under 5-20, if you do not feel that 5-20 will cover that area.

MR. MACEY: Anything else? If there is nothing further,
we will take the case under advisement.

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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, Santa Fe, New Mexico, is a true and
correct transcript to the best of my knowledge, skill and ability.


Court Reporter.