

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 3, 1956

IN THE MATTER OF:)
CASE 1048)

TRANSCRIPT OF PROCEEDINGS

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IN THE MATTER OF:

The application of Amerada Petroleum Corporation for an order granting a 160-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico, in exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520.

Applicant, in the above-styled cause, seeks an order granting the establishment of a 160 acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico; said unit to consist of the NE/4 of Section 31, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico; said unit to be dedicated to applicant's J. R. Phillips "A" Well No. 1 located 2310 feet from the North and East lines of said Section 31.

CASE NO. 1048

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case is Case No. 1048, which is the application of Amerada for an order granting a 160-acre non-standard proration unit in the Eumont Gas Pool and for forced pooling of gas interests.

MR. HINKLE: Mr. Examiner, Clarence Hinkle, Roswell, appearing on behalf of the Amerada Petroleum Corporation. We have one witness, Mr. William Abbott whom I would like to have sworn.

MR. WILLIAM ABBOTT

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

BY MR. HINKLE:

Q. State your name please.

A. W. G. Abbott

Q. Where do you live, Mr. Abbott?

A. Here in Hobbs.

Q. By whom are you employed?

A. Amerada Petroleum Corporation.

Q. In what capacity?

A. District Engineer.

Q. Have you previously testified before the Conservation Commission?

A. Yes, Sir.

Q. Are his qualifications acceptable?

MR. MANKIN: Yes, Sir.

Q. Are you familiar with the application which has been filed by the Amerada Petroleum Corporation for the formation of a non-standard gas unit consisting of the NE/4 of Section 31, Township 19 South, Range 37 East?

A. Yes, Sir.

Q. Are you familiar with the Eumont Gas Pool in which this is located?

A. Yes, Sir.

Q. Are you familiar with the ownership of the leases covering the NE/4 of Section 31?

A. Yes, sir.

Q. Who are those leases owned by?

A. Amerada owns the S/2 of the NE/4 of the Section 31, Township 19 South, Range 37 East and Gulf owns the N/2 of that quarter section.

Q. Is this fee land?

A. Yes, sir.

Q. Does this proposed non-standard unit consist of contiguous quarter-quarter sections?

A. Yes, sir.

Q. Does it lie wholly within a single governmental section?

A. Yes, sir, it does.

Q. I hand you Amerada's Exhibit No. 1 and ask you to state to the Commission what that shows.

A. This is a plat showing the proposed non-standard gasproration unit in a section consisting of the NE/4 of Section 31, Township 19 South, Range 37 East. The proposed unit is outlined in red. Also it shows the offsetting leases and with the well locations and also the gas wells located in the Eumont Gas Pool.

Q. Are all the gas wells shown on this Exhibit within the vertical limits of the Eumont Field?

A. Yes, sir, they are.

Q. Has the Amerada Petroleum Corporation drilled a well on the proposed unit?

A. Yes, sir, we have a single completion gas well near our Phillips No. 1 which has been producing for some time in the Eumont Pool.

Q. Where is it located?

A. That is located 2,310 feet from the North and East lines of Section 31.

Q. What is the potential or the capability of the well?

A. The open flow potential on that well is 4,330,000 cubic feet per day.

Q. Is the well capable of producing a full allowable for the 160 acres?

A. Yes, sir.

Q. State whether or not in your opinion the entire NE/4 of Section 31 is reasonably presumed to be productive of gas.

A. It is productive of gas and it is completely surrounded by other gas wells.

Q. In connection with this application, do you know whether or not all of the offset owners in the section and all operators owning interests within 1500 feet of your well that you have just testified to, have been notified by registered mail?

A. Yes, sir, they have.

Q. Have you received any protests to the formation of this unit?

A. No, we have not.

Q. Do you know what the status of the gas pooling agreement or communitization agreement is?

A. The pooling agreement has been signed by Amerada and Gulf.

Q. And has the Amerada and Gulf also entered into an operating agreement in connection with this well?

A. Yes, sir, they have.

MR. HINKLE: I believe that is all.

MR. MANKIN: You have nothing further to offer in regard to pooling---

MR. HINKLE: I have here a copy of the Gas Pooling Agreement which he has testified as being entered into. This is not a signed copy which I would like to offer as an Exhibit.

MR. MANKIN: Would you like to offer this as an Exhibit?

MR. HINKLE: As an Exhibit together with Exhibit No. 1.

MR. MANKIN: As Exhibit 2?

MR. HINKLE: This would be No. 2. I would like to have those numbered.

MR. MANKIN: I have particular reference to the portion of the application which had to do with the pooling of all interests of gas rights. Is that to be working interests or what was the connection in regard to royalty interests?

MR. HINKLE: I don't think that Mr. Abbott is qualified to testify in regard to that, however, I have here an affidavit made by Mr. Floyd Kelper who is custodian of the lease and royalty records of the Amerada at Tulsa in which he states that as far as the Amerada lease is concerned he gives all of those who have executed pooling agreements in connection with the unit and also gives a list and interests of those who have not, up to date, executed pooling agreements. Those who have executed pooling agreements, their interests amount to approximately 69% of the outstanding royalty. Now as far as the Gulf is concerned we also have another statement from Mr. Kelper. No, this is from Mr. F. W. Hulsizer of the Amerada in which he states -- he gives the interests of those who have agreed to the pooling agreement and their interests together amount to 66.71%. If there is no objection I would like to have identified and offer in evidence this affidavit of Mr. Kelper as to the royalty interests of those who have agreed to the pooling and those who have not.

MR. MANKIN: In regard to Amerada's interests, will that be Exhibit 3?

MR. HINKLE: Exhibit 3.

MR. MANKIN: Did you likewise wish to introduce --

MR. HINKLE: The other one is just in form of a letter but we will introduce it.

MR. MANKIN: We would like to have it.

MR. HINKLE: Mark it Exhibit 4 and offer in evidence.

MR. MANKIN: Do you have the addresses of the individuals concerned here, and could that be made available?

MR. HINKLE: They can be made available and if the Commission desires we can furnish-- I believe Mr. Kelper says within three weeks, the names and addresses already shown, the addresses are of the others in regard to the Gulf.

MR. MANKIN: The addresses are shown for the Amerada but the addresses are not shown for the Gulf.

MR. HINKLE: I believe he states that those can be furnished within about three weeks, to get them all together.

MR. MANKIN: Could that be furnished to the Commission, to supplement Exhibit 4?

MR. HINKLE: Yes, we would be glad to do that.

MR. MANKIN: So you are asking in this particular case that there be forced pooling of the royalty interests that has not entered into pooling agreements, both of the Amerada and of the Gulf's interests?

MR. HINKLE: Yes. They are all included as I understand it, in the notice which was given in connection with this case and so far there has been no protest filed.

MR. MANKIN: And if there is any change within the next three weeks in regard to agreements of those that have not previously agreed to the pooling-- could that be furnished to the Commission?

MR. HINKLE: We would be glad to submit that to the Commission.

MR. MANKIN: So that our records are complete. Do you wish to enter at this time all the Exhibits 1, 2, 3 ---

MR. HINKLE: Yes, I enter them all in evidence.

MR. MANKIN: Is there objection to entering Exhibits 1, 2, 3 & 4 in this case? If not, they will be so entered.

MR. HINKLE: I believe that is all I have.

MR. MANKIN: Is there a question of the witness in this case? If not, the witness may be excused and we will take the case under advisement.

STATE OF NEW MEXICO)

ss

COUNTY OF SANTA FE)

I, Dora Serna, 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 7th day of August, 1956.

Dora Serna