

BEFORE THE  
OIL CONSERVATION COMMISSION  
Hobbs, New Mexico  
May 23, 1956

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IN THE MATTER OF:               )  
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CASE NO. 1074                   )  
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TRANSCRIPT OF PROCEEDINGS

BEFORE THE  
OIL CONSERVATION COMMISSION  
Hobbs, New Mexico  
May 23, 1956

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IN THE MATTER OF:

The application of the Ohio Oil Company for  
an order granting an exception to Rule 5 (a)  
of the Special Rules and Regulations for the  
Blinbry Gas Pool as set forth in Order R-610  
in the establishment of a 160 acre non-standard  
gas proration unit comprising the E/2 SW/4 and  
W/2 SE/4 Section 24, Township 22 South, Range  
37 East, Lea County, New Mexico.

CASE NO. 107L

Applicant, in the above-styled cause, seeks  
an order establishing a 160 acre non-standard  
gas proration unit in the Blinbry Gas Pool  
consisting of the E/2 SW/4 and W/2 SE/4 Sec-  
tion 24, Township 22 South, Range 37 East;  
said unit to be dedicated to applicant's J.  
L. Muncy Well No. 3 located 350 feet from the  
South line and 1720 feet from the West line of  
Section 24, Township 22 South, Range 37 East,  
Lea County, New Mexico.

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BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The next case is Case 107L, the application of Ohio  
Oil Company for an order granting an exception to Rule 5 (a) of the Special  
Rules and Regulations for the Blinbry Gas Pool, as set forth in Order R-610  
for the establishment of a 160-acre non-standard gas proration unit.

TOM STEEL

called as a witness being first duly sworn, testified as follows:

MR. STEEL: I am Tom Steel, appearing on behalf of the Ohio Oil Company.  
I have not previously testified before the Commission. I graduated from the  
University of Pittsburg with a Bachelor of Science Degree in Petroleum Engineering

in 1937. During the next four years I was employed by the Shell Oil Company as trainee Engineer and Field Engineer in Oklahoma, Kansas and Texas. I was employed by the Ohio Oil Company as District Engineer in Kansas in 1941 and I have been with this Company during the last 15 years as Area and District Engineer in Kansas, Michigan, New Mexico and Texas. Four years of this time was spent as Area Engineer in Hobbs, New Mexico, followed by two as Assistant District Engineer in Midland, Texas and one year as District Engineer in this same office. That is my present position. I have under my direct supervision 17 reservoir and field engineers covering all of West Texas and Southeastern New Mexico. In connection with my duties, I have informed myself concerning the Blinbry Gas Pool and my company's operations in that pool. Are my qualifications acceptable?

MR. MANKIN: They are.

MR. STEEL: The Ohio Oil Company requests that the gas proration unit formed by Order R-446 dated April 16, 1954, be expanded and that an enlarged gas proration unit comprised of the E/2 SW/4 and the W/2 of the SE/4 of Section 24, Township 22 South, Range 37 East, be formed and designated in the Blinbry Gas Pool, Lea County, New Mexico. I offer in evidence a plat prepared under my supervision and direction, with the proposed gas proration unit, indicated by a red outline and Ohio's J. L. Muncy Well No. 3, circled in red. This plat has been marked the Ohio Oil Company's Exhibit No. 1. Order R-446 dated April 16, 1954, approved an 80-acre non-standard gas proration unit in the Blinbry Gas Pool, consisting of the E/2 of the SW/4 of Section 24, Township 22 South, Range 37 East. Ohio's J. L. Muncy Well No. 3, located in the SE/4 of the SW/4 of Section 24 was granted an 80-acre allowable effective January 1, 1954. The Ohio Oil Company is operator of this acreage, under an operating agreement entered into between the Ohio Oil Company and Phillips Petroleum Company.

The Ohio Being an owner of a non-divided three-fourths interest in the oil and gas leasehold estate and Phillips Petroleum Company being the owner of a non-divided one-fourth interest. A copy of the application, with plat attached, was mailed to the Phillips Petroleum Company on April 19, 1956. No objection has been received from them. The J. L. Muncy Well No. 3 was completed as a gas well on January 3, 1949 in the Blinbry formation within what now constitutes the vertical limits of the Blinbry Gas Pool. This well is located 350 feet from the South line and 1720 feet from the West line of Section 24, Township 22 South, Range 37 East. The well is located 350 feet from the South line and 400 feet from the West line of the proposed proration unit. In my opinion, the J. L. Muncy Well No. 3 is capable of producing a monthly volume of gas in excess of the average 160-acre gas proration unit allowable in the Blinbry Gas Pool. On the last gas distillate ratio test taken November 9, 1955, the Muncy No. 3 produced 2,093 MCF of gas per day and 38.94 barrels of distillate per day with a gas distillate ratio of 53.749 to 1. It is my opinion that all of the acreage included within the proposed proration unit is reasonably deemed to be productive of gas from the Blinbry Gas Pool. It is impractical to pool the acreage on which the J. L. Muncy No. 3 is located with other acreage in the SW/4 of Section 24. Phillips Petroleum Company has a well located in the NW/4 of the SW/4 of Section 24 with an 80-acre proration unit assigned in the Blinbry Gas Pool. There is no well completed in the Blinbry Gas Pool in the SE/4 of Section 24. Unless the proration unit is expanded, the Ohio Oil Company and Phillips Petroleum Company will be deprived of a fair opportunity to recover their just and equitable shares of the gas and liquid hydrocarbons in the Blinbry Gas Pool. Approval of this application will protect correlative rights and will not cause but will prevent waste. I have no further testimony, unless there are some questions.

MR. GURLEY: I have one question, sir. In your application you showed that proper notice was given to several operators, and offset operators in the area. Was that notice by copy of the application?

MR. STEEL: Yes, sir.

MR. MANKIN: Mr. Steel, you indicated you have taken gas-liquid ratio tests. Was that in November, 1955, the latest one? You indicated, I believe, that it had 53,749 gas liquid?

MR. STEEL: Yes, sir. That was November 9, 1955.

MR. MANKIN: Therefore, with a ratio similar to this, it meets the qualifications of Rule 610 (b) in regard to whether it is a Blinbry Oil or a Blinbry Gas Well, is that correct?

MR. STEEL: Yes, sir.

MR. MANKIN: What is the gravity of the liquids? Do you have that?

MR. STEEL: Yes, sir. The gravity of the liquids at 60° F. was 72.6 API.

MR. MANKIN: So, therefore, it meets all qualifications as regarding gravity of the liquid hydrocarbons and of the gas liquidation of Order R-610 (b)?

MR. STEEL: Yes, sir.

MR. MANKIN: Your application, I believe, had a typographical error in regard to the order which this 80-acre unit was formed, is that correct?

MR. STEEL: Yes, sir, that is correct.

MR. MANKIN: It is for Order R-446 rather than Order R-466?

MR. STEEL: That is correct.

MR. MANKIN: In the SE/4 of Section 24 the Well No. 1 is a Tubb Gas Well, isn't it?

MR. STEEL: Yes, sir.

MR. MANKIN: Therefore that E/2 of the SE/4 is not dedicated for Blinbry acreage?

MR. STEEL: No, sir, it is not.

MR. MANKIN: Only for the Tubb Gas Acreage?

MR. STEEL: Yes, sir, that is correct.

MR. MANKIN: Is there further question of the witness in this case? Mr. Steel, the only reason why this particular case had to come before a hearing is

because it crossed quarter-section lines, is that correct? Otherwise it is a standard 160-acre unit as you now propose?

MR. STEEL: That is correct.

MR. MANKIN: I believe you also, in your application, asked that this non-standard location which was occasioned by this well likewise be approved, is that correct?

MR. STEEL: That is correct.

MR. MANKIN: The unit and the location?

MR. STEEL: Yes, sir.

MR. MANKIN: Is there further question of the witness in this case? Did you wish to enter Exhibit 1 as evidence in this case?

MR. STEEL: Yes, sir, I wish to enter Exhibit 1.

MR. MANKIN: Is there objection to entering Exhibit 1 in this case? If not it will be so entered. Mr. Steel, in going over your application again in the way this particular case was advertised, as an exception to Rule 5 (a) which has to do with the non-standard unit being outside of the governmental quarter section, you didn't in somany words, in your application, ask for the approval of this non-standard location. Had it previously been approved as a non-standard location?

MR. STEEL: The 80-acre location had been approved as a non-standard.

MR. COUCH: My name is Terrell Couch on behalf Ohio Oil Company. This well has been presently producing from an approved non-standard proration unit of 80 acres and the record shows --- from the testimony of Mr. Steel, that the well was completed in 1949; therefore, the approval of this location of the well, I think, is unnecessary, and would not be a question in this application.

MR. MANKIN: Well, I had indicated that you were asking for both but actually that had been approved previously by the prior unit. Therefore this application concerns itself only with a non-standard proration unit. Is there further question of the witness in this case?

MR. GURLEY: Would you like to move that the Exhibit be entered at this time, Mr. Steel?

MR. STEEL: Yes, sir, I'd like to move that the Exhibit be entered at this time.

MR. HANLIN: Is there any objection to entering the Exhibit No. 1 in this case? If not, it will be so entered. If there is no further question of the witness, the witness may be excused. Is there any statements to be made in this case? If not, we will take the case under advisement.

STATE OF NEW MEXICO )  
: ss  
COUNTY OF SANTA FE

I, Nancy Chowning, 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.

Nancy Chowning