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BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1079, 1080

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 14, 1956

IN THE MATTER OF:

Application of Stanolind Oil and Gas Company for
an order granting an exception to Rule 5 (a) of
the Special Rules and Regulations for the Eumont
Gas Pool as set forth in Order R-520 establishing
a 240 acre non-standard gas proration unit in
Lea County, New Mexico. Applicant, in the above-
styled cause, seeks an order establishing a 240
acre non-standard gas proration unit comprising
the NW/4 and W/2 NE/4 of Section 22, Township 20
South, Range 37 East, Lea County, New Mexico,
Eumont Gas Pool; said unit to be dedicated to
applicant's O. J. Gilluly "B" Well No. 4 located
340 feet FNL and 340 feet FWL of Section 22,
Township 20 South, Range 37 East.

Case No.
1079

Application of Stanolind Oil and Gas Company for
an order granting an exception to Rule 5 (a) of
the Special Rules and Regulations of the Eumont
Gas Pool as set forth in Order R-520 in the es-
tablishment of a 320 acre non-standard gas prora-
tion unit in Lea County, New Mexico. Applicant,
in the above-styled cause, seeks an order estab-
lishing a 320 acre non-standard gas proration
unit comprising the E/2 of Section 21, Township
20 South, Range 37 East, Eumont Gas Pool, Lea
County, New Mexico; said unit to be dedicated to
applicant's O. J. Gilluly "B" Well No. 6X located
390 feet FNL and 660 feet FEL of Section 21,
Township 20 South, Range 37 East.

Case No.
1080

BEFORE:

Mr. A. L. Porter
Mr. E. S. (Johnny) Walker
Honorable John F. Simms, Jr.

TRANSCRIPT OF HEARING

MR. PORTER: The Meeting will please come to order. We will
take the next case on the docket which is Case 1079.

MR. SMITH: J. K. Smith. At this time I would like to move
the Commission to consolidate Cases 1079 and 1080 which are

companion cases and located in adjacent sections.

MR. PORTER: Any objection to the consolidation of the cases?

MR. GURLEY: For the purpose of testimony?

MR. SMITH: For the purpose of testimony only.

MR. PORTER: May the record show that the cases are consolidated for taking of testimony. Mr. Gurley, will you give us a brief description of the case?

MR. GURLEY: "Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations for the Eumont Gas Pool as set forth in Order R-520 establishing a 240 acre non-standard gas proration unit in Lea County, New Mexico." And, "Application of Stanolind Oil and Gas Company for an order granting an exception to Rule 5 (a) of the Special Rules and Regulations of the Eumont Gas Pool as set forth in Order R-520 in the establishment of a 320 acre non-standard gas proration unit in Lea County, New Mexico."

MR. SMITH: Mr. J. K. Smith. I have one witness in the cases.

G E O R G E E A T O N

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SMITH:

Q Will you state your name, please?

A George Eaton.

Q By whom are you employed?

A Stanolind Oil and Gas Company.

Q In what capacity?

A As a Petroleum Engineer, Senior Grade.

Q Where are you stationed? A Roswell, New Mexico

Q Is southwestern New Mexico within the jurisdiction of that district? A It is.

Q How long have you been stationed there?

A I have been there approximately two years.

Q Now, Mr. Eaton, have you had certain exhibits prepared either by yourself or under your supervision relating to Cases 1079 and 1080? A I have.

Q Are they on the board behind you now?

A Yes, sir.

Q Will you step to the board, please?

(Marked Stanolind's Exhibits No. 1 and 2, for identification.)

Q I direct your attention to what has been marked for identification purposes as Exhibit 1 and ask you what it purports to portray?

A Exhibit No. 1 is a map of a portion of the Eumont Field showing the location of Stanolind Gilluly "B" leases. On that map is a portion of the Eumont Pool, the red lines designate the shape and size of the presently assigned gas proration units in that area producing from the Eumont Pool. The orange line shows the eastern boundary of the presently designated Eumont Pool limits. Also on this map we have outlined in green a dashed green line, the proposed unit to be assigned to Stanolind Oil and Gas Company's Gilluly "B" Well No. 6X.

Q In what location is the Gilluly "B" 6X well?

A The location of the Gilluly "B" 6X is 390 feet from the north line and 660 from the east line, Section 21, Township 20 South, Range 37 East, Lea County, New Mexico.

Q What area does the proposed 320 acre unit encompass?

A The proposed 320 acre unit will encompass the east half of Section 21, Township 20 South, of 37 East.

Q Is there another gas well in that same half section?

A No, there is not.

Q Give a brief statement as to the location of other gas wells in the Eumont Pool surrounding the subject well.

A In Section 16, Township 20 South, Range 37 East, there is a gas well in the southwest of the southeast quarter known as Amerada State Q Well No. 3. In the northwest of the northwest quarter Section 21, Township 20, South, Range 37 East there is a gas well known as Sinclair's Roach No. 1. Proceeding to the south, in Section 27, Township 20 South, Range 37 East there is a gas well known as Continental NMFU Sophie No. B-27, No. 1. It is located in the southwest quarter of the northwest quarter of Section 27. In Section 22, Township 20, South, Range 37 East, Stanolind Oil and Gas Company's Gilluly "B" No. 7 is located in the northeast of the southwest quarter.

In the same section, Stanolind Oil and Gas Company's Gilluly "B" No. 4 is located in the northwest of the northwest. In Section 15, Township 20 South, Range 37 East, Continental's H. M. Bright "B" 15 No. 3 is located in the northwest of the southwest.

Q Are all of the wells connected and producing that you have identified, with the exception the two Gilluly Wells operated by Stanolind?

A All the wells are connected and producing including the two Gilluly wells operated by Stanolind.

Q The present wells are producing on an allowable schedules on

160 acre spacing?

A That is correct.

Q Have you been given any information with respect to the new well in Section 14?

A Yes, sir, I have.

Q I believe you were going to give some evidence with reference to the recently completed well in Section 14.

A In Section 14, Township 20 South, Range 37 East in the southwest of the southwest quarter there is a currently drilling and completed well known as Continental MFU James Skaggs "B" 14 No. 1. This well is in the process of completing at this time, and I have some pertinent testimony data that I obtained this morning on that well.

Q What is this data?

A At a total depth of 3822 feet through perforations 3660 to 3706 which would place them in the Queen Penrose Section after treatment with 10,000 gallons of sand oil, the well flowed back 27 barrels of load oil in six hours, ceased to flow load oil at that time. On a test of gas immediately thereafter it produced 9,240 MCF per day to the atmosphere. At the present time Continental plans to do additional perforating in the Yates and Seven Rivers Section and will treat those perforations with sand oil and place the well on the line for completion.

Q Turning again to Exhibit No. 1, there are certain contour marks located thereon with the figures 991,000 and 1,050 on it. What do the contour lines represent?

A Those contour lines are the configuration of the top of the Yates Section in this area. They are contoured on fifty foot intervals.

Q Is there a low alkali around the well you are testifying

about at this time?

A There is. The contour lines further show there is no structural discontinuity in there that would provide an impediment to gas flow throughout.

Q In other words, in your opinion there is a continuous common source of supply and the gas may filter throughout that entire area?

A That is correct.

Q There appears upon Exhibit 1 a trace of a cross section north and south represented in red. Do you have that cross section on the board up here?

A Yes, sir.

Q Is that what has been marked for identification as Exhibit 3?

A It is.

Q What does the cross section purport to represent?

A This cross section drawn through the area of concern at this time shows that each of the Yates, the Seven Rivers, the Queen, the Penrose and the Grayberg are easily identifiable sections and can be correlated throughout the area. It further shows they are continuous throughout the area and there are no impermeable barriers that would impede the flow of gas freely.

Q Now, turning to Exhibit No. 2 which represents the outline of the application of Stanolind Oil and Gas Company in Case No. 1080, I will ask you to summarize briefly it's position with reference to the other wells in the field.

A This plat is also a portion of the Eumont Pool in the area of Stanolind Oil and Gas Company's Gilluly "B" Well No. 4. On this plat are shown the same data as is shown on Exhibit 1 and in addition to the data on Exhibit No. 1, this plat shows the proposed 240 acre unit which we were asking to be assigned for proration

purposes to Gilluly "B" Well No. 4.

Q Is that outlined in green?

A That is outlined in green and is shown on the plat to consist of the northwest quarter and the west half of the northeast quarter Section 22, Township 20 South, Range 37 East.

Q Why is the east half of the east half of Section 22 excluded?

A That particular 80 acre tract is included in the southeast Monument Unit.

Q Now, what is the location of the subject well?

A Gilluly "B" No. 4 is located 340 feet from the North line and 340 feet from the West line, Section 22, Township 20 South, Range 37 East.

Q What is the history of the two wells and their reason for location at the unusual position that they occupy?

A The Gilluly "B" No. 6X, that's the well in the northeast of the northeast, Section 21, was initially completed December 31, 1939 as a Monument Field oil well. It's initial potential from the Monument pay was 43 barrels per day. In 1954 a dual completion was made between the Monument pay and the Eumont pay in this well. In that dual completion a production packer was set at 3575 after which the well produced 4,838 MCF per day at a line pressure of 945 PSIG. At the same time the oil well completion in the Monument pay produced 5.5 barrels per day of oil, and 89 barrels of water per day. These potential tests were for the Eumont pay on September 8 and for the Monument pay on September 10th, 1954.

Q What is the history of the other Gilluly well?

A Stanolind's Gilluly "B" No. 4 was originally completed on June 16, 1939 as a Monument Field oil well. It's initial potential

was 126 barrels of oil per day producing from the Grayberg interval 3766 to 3854. In 1954 application was made and approved by the Commission to dually complete this well, Monument oil, Eumont gas. This dual completion was eventually effected with a production packer set at 3660. On potential test after completion the oil zone tested 13 barrels per day plus one barrel of water per day, and the gas zone tested 4,858 MCF per day against a line pressure of 900 PSIG. These tests were run on March 17 and 19, 1954 respectively.

Q Is it much less expensive to dually complete a well than to complete a new well, is that correct? A That is right.

Q The test you have given with reference to Exhibit 1, and the location of the surrounding wells in the, completed in the Eumont Field would apply equally to Exhibit 2?

A That is correct.

Q Do you have a tabulation of the data from those wells?

A I have a tabulation of productivity data for several wells in the area. It is not necessarily all the wells that I have mentioned in the test.

(Marked Stanolind's Exhibit No. 5,
for identification.)

Q Now, these two units have been the subject, I mean these two applications for a unit of 320 acres and 240 acres respectively, have been the subject of an earlier application to the Commission, is that not correct?

A That is correct.

Q The applications were denied at that time?

A To clarify the record, I believe that on our Gilluly "B" 4 initial had 480 acres.

Q Thank you. I'll ask you if there has been a change in the physical condition with respect to producing gas wells in the area

since the denial by the Commission of the application?

A There has, particularly the change involves the recent completion of Stanolind Oil and Gas Company's Gilluly "B" No. 7. This well is located in the northeast quarter, southwest quarter, Section 22, Township 20 South, Range 37 East. It was completed and potentialed on March 28, 1956, for an initial potential of 2718 MCF per day at a flowing pressure of 923 pounds. In addition one other well has been completed in the area, it being Continental operated Sophie-Meyer B-27 No. 1 in the southwest quarter of the northwest quarter of Section 27, Township 20, Range 27 East. This well was completed on April 12, 1956, for a calculated open flow of 20,300 MCF per day. To make it comparable to some degree with these other potentials that I have been giving, I have computed a deliverability for the well at 600 PSI of 14,000 MCF.

I have already testified to the test data on the now completing J. M. Skaggs "B" 14 in Section 14, Township 20 South, Range 37 East.

MR. SMITH: At this time I should like to ask the Commission to adopt the testimony in the earlier cases as a part of this case in order to reflect the contrast and the change in conditions; those cases were 914 and 918. Make the testimony of those cases a part of this record.

GOVERNOR SIMMS: They will be considered.

MR. PORTER: The record will show that they will be considered.

Q Now, Mr. Eaton, you have already testified that the entire area surrounding the two subject wells is productive of gas and is one common source of supply; in your opinion is the entire area that you have testified about productive of gas in the Eumont Field?

A It is.

Q Are the working interests and the royalty interests in the two units common throughout?

A They are.

Q In each respective?

A In each respect.

Q Each of the two units proposed are contained in one Governmental section?

A Yes.

Q Is the acreage continuous and contiguous?

A It is.

Q All of it is within the defined pool limits of the Eumont Field?

A Yes.

Q In your opinion there is no other acreage available to be attributed to the units under the present development in the area?

A That is correct.

Q If the Commission should see fit to grant the applications in these two cases it would avoid the drilling of unnecessary wells and reduce the expense incident to completing such well?

A That is right.

Q Would the granting of the application protect waste and protect the correlative rights of the parties involved?

A Yes, sir, it would.

Q It would afford the operator an opportunity to recover its fair share of the reserves in the Eumont Field?

A Yes, sir.

Q Do you have anything further to offer in this case, Mr. Eaton?

A I don't believe I do.

MR. SMITH: That is all.

MR. PORTER: Anyone else have a question? Mr. Mankin.

MR. MANKIN: Warren Mankin, Oil Commission.

CROSS EXAMINATION

By MR. MANKIN:

Q Mr. Eaton, in those two particular wells, the Stanolind Gilluly "B" 6X and the Stanolind Gilluly "B" No. 4, the subject of the two different cases, are they both perforated and completed within the Yates, Seven Rivers and Queen? In other words, all three zones each of them?

A Yes, sir, they are.

Q You testified as to a larger deliverability on Continental Sophie-Meyer "B" 27 No. 1 which is south of the proposed unit, as being a considerably larger well than the wells having been completed. What type of completion is that, is it only one zone or all three zones as well?

A I believe it is only in the Penrose Section. I might add along that line that well was heavily stimulated with sand-oil fract and the two wells that we are asking for non-standard units for have not been stimulated in any manner. These are natural completions.

Q So the large deliverability test of the well in Section 27 was from the Queen?

A I believe.

Q Or Penrose, member of the Queen? A I believe so.

Q As a gas well?

A Yes.

Q There have been no wells, first I'll ask you this. These two units are completely within the presently designated Eumont Gas Pool?

A Yes, sir.

Q There have been no wells drilled to the east of the wells in question, is that correct? That is no producing gas wells to the Eumont Gas Pool?

A No, sir. The only well is this well that is now being

completed by Continental in Section 14.

MR. SMITH: Is that being completed in the Queen?

A It will be completed eventually in all three sections. The test that I had on it is from the Queen only. It had a test of 9,240 MCF per day.

Q That is a very recent completion which would indicate that the entire acreage would be productive? A Yes, sir.

Q In Section 22? A Yes, sir.

Q Which is the subject of Case 1080. The well in the north-east quarter of Section 22 which was the Continental Skaggs Unit which shows on the end of your cross section of Exhibit 4 under present-day completion likely would have made a Eumont, a commercial Eumont gas well, would it not?

A Yes, that well was drilled to the Kutz Pool pay and was dry in the Kutz Pool. It was never tested in the presently defined Eumont pay, but in my opinion a good gas well could be obtained at that location.

MR. MANKIN: That is all.

MR. PORTER: Anyone else have a question?

MR. SMITH: I would like to offer in evidence Stanolind's Exhibits 1 through 5, both numbers inclusive.

MR. PORTER: Any objection to the admittance of these exhibits? They will be admitted. The witness may be excused.

(Witness excused.)

MR. PORTER: Do you have anything further in this case?

MR. SMITH: No, sir, nothing further. I believe that the physical facts out there as now established by the testimony, clearly warrant and justify the Commission granting our application.

MR. PORTER: Anyone else have a statement?

MR. ROGERS: W. J. Rogers, Sinclair Oil and Gas Company. We operate a gas well, W. C. Votts No. 1 on a lease offsetting Stanolind Gilluly "B" lease. We have no objection to their application and recommend that the applications be granted.

MR. PORTER: Anyone else have a statement?

MR. CHRISTIE: R. S. Christie of Amerada. I believe when the last cases were called on the wells we objected, and we now concur in the application.

MR. PORTER: Anyone else? We will take the case under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, 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 and notarial seal this 20th day of June, 1956.

Ada Dearnley

Notary Public-Court Reporter

My commission expires:

June 19, 1959.