

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

TRANSCRIPT OF HEARING

Case No. 1180

DEARNLEY-MEIER AND ASSOCIATES

COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 28, 1956

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IN THE MATTER OF: :

Application of John M. Kelly for approval of a non- :
standard gas proration unit in the Eumont Gas Pool :
in exception to Rule 5 (a) of the Special Rules and :
Regulations for the Eumont Gas Pool as set forth in :
Order R-520. Applicant, in the above-styled cause, :
seeks an order authorizing a 200-acre non-standard : Case No.
gas proration unit in the Eumont Gas Pool comprising: 1180
the E/2 SW/4, NW/4 SE/4, and W/2 NE/4 of Section 16,:
Township 19 South, Range 37 East, Lea County, New :
Mexico; said unit to be dedicated to applicant's :
Humble State Well No. 1, located 1980 feet from the :
South and West lines of said Section 16. :
-----:

BEFORE:

Mr. Daniel S. Nutter

TRANSCRIPT OF HEARING

MR. NUTTER: Hearing will come to order. First case on the
docket will be Case No. 1180. Case No. 1180 is the application of
John M. Kelly for approval of a non-standard gas proration unit in
the Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules
and Regulations for the Eumont Gas Pool as set forth in Order R-520,
Lea County, New Mexico. (Witness sworn.)

MR. McPETERS: I am Kenneth P. McPeters, for John M. Kelly.
John M. Kelly made application for the approval of a 200 acre non-
standard proration unit in the Eumont Gas Pool consisting of the

East half of the Southwest quarter, the Northwest quarter of the Southeast quarter, and the West half of the Northeast Quarter of Section 16, 19, 37, to be dedicated to the Humble State No. 1, located 1980 foot from the South and West lines of Section 16.

I wish to enter this plat as Exhibit 1, which indicates the proposed 200 acre unit and also the units in the immediate vicinity.

MR. NUTTER: Without objection this plat will be entered as Exhibit No. 1 in Case No. 1180.

MR. McPETERS: The unit well, the Humble State No. 1, was completed January 1st, 1955, at a depth of 3850 foot as a gas well in the Eumont Gas Pool. At the present time, the Humble State has a 160 acre unit assigned comprising the Southwest of the Northeast, the Northwest of the Southeast, and the East half of the Southwest quarter of 16. That was approved by non-standard proration unit No. 100 administrative.

John M. Kelly and Aztec Oil and Gas have entered a working interest agreement on the gas rights under the Northwest of the Northeast of Section 16, 19, 37. The royalty interest under the entire proposed unit is one ~~basic~~ ^{royalty} interest, state land. The most recent test on the Humble State No. 1 dated August 24, 1956 indicated an open flow of 5,275 MCF's per day in a volume of 2903 MCF's per day, with a casing pressure of 695 PSIG.

In my opinion, the Humble State No. 1 would effectively drain

the 200 acres. The proposed unit comprises contiguous quarter -- quarter sections, lies wholly within a single development section, and all the acreage within the unit may reasonably be presumed productive of gas. The length or width of the proposed unit does not extend 25,280 foot. Granting of this application would permit John M. Kelly and Aztec Oil and Gas to recover their just and equitable share of the gas, would not adversely effect the correlative rights of any offset owner, protect the correlative rights of the applicant and Aztec, and prevent waste.

MR. NUTTER: Does anyone have a question of the witness?

By MR. NUTTER:

Q Mr. McPeters, I see, are the two leases those owned by Aztec and the present 160 acre unit, are they separate state leases?

A Yes, they are.

Q Has a communitization agreement between Aztec and John M. Kelly already been effective?

A Yes, sir.

Q It has been completed? A Yes.

Q Has that communitization been approved by the State Land Office as yet?

A As far as I know it has not, but it has been submitted, I am sure.

Q I see.

MR. NUTTER: Does anyone else have a question of the witness?

We have a letter from Aztec oil and Gas Company directed to the New Mexico Oil Conservation Commission. It reads as follows:

"Reference is made to Mr. John Kelly's application of October 31 to the Commission for approval of a 200 acre non-standard gas proration unit for the Humble State No. 1 Well, located in the Northeast of the Southwest quarter of Section 16, Township 19 South, Range 37 East, Lea County, New Mexico.

Aztec is the holder of the lease covering the Northwest quarter, Northeast quarter of Section 16, which is proposed to be included in the non-standard unit applied for.

We therefore urge the Commission to approve Mr. Kelly's application." Signed, Quilman B. Davis.

MR. McPETERS: How many copies of this exhibit do you need?

MR. NUTTER: A couple would be fine.

Does anyone have a statement they wish to offer in this case? If not the witness may be excused and we will take the case under advisement and proceed to Case No. 1183.

(Witness excused.)

C E R T I F I C A T E

STATE OF NEW MEXICO)
 : ss
 COUNTY OF BERNALILLO)

I, AMADO TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 21st day of December, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

L. A. Trujillo
 Notary Public

My Commission expires:

Oct. 5, 1960