

BEFORE THE
OIL CONSERVATION COMMISSION
March 27, 1957
Hobbs, New Mexico

IN THE MATTER OF:

Case No. 1230

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE - SANTE FE
3-6691 2-2211

NEW MEXICO OIL CONSERVATION COMMISSION

Hobbs, NEW MEXICOREGISTERHEARING DATE March 27, 1957TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION:
E. J. FISCHER	OCC	Hobbs, N.M.
O. H. Reaugh	The Ibarra Co	Breckenridge, Tex
Wm. V. Foster	"	"
Wm. V. Foster	Gulf Oil Corp	Roswell, N.M.
Don Walker	"	Fort Worth, Texas
Victor T. Lyon	Continental Oil Co	Roswell
Rogers J. Francis	" " "	Hobbs
Edwin R. Anderson	" " "	"
Wm. J. Cooley	OCC	Santa Fe
G. J. Motter	Cities Service Oil Co.	Hobbs
H. O. du Pont	USGS	Hobbs

BEFORE THE
OIL CONSERVATION COMMISSION
March 27, 1957
Hobbs, New Mexico

IN THE MATTER OF:

Application of Continental Oil Company for a
240-acre non-standard gas proration unit in
the Eumont Gas Pool in exception to Rule 5 (a)
of the Special Rules and Regulations for said
pool. Applicant, in the above-styled cause,
seeks an order authorizing a 240-acre non-
standard gas proration unit in the Eumont Gas : Case No.
Pool consisting of the SE/4 and S/2 SW/4 Section: 1230
11, Township 20 South, Range 36 East, Lea
County, New Mexico; said unit to be dedicated
to the applicant's Sanderson "A-11" Well No. 1
located 1980 feet from the South line and 660
feet from the East line of said Section 11.

BEFORE:

Mr. Warren W. Mankin, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. MANKIN: The hearing will come to order. First case on
the docket is Case No. 1230.

MR. COOLEY: Case No. 1230. Application of Continental
Oil Company for a 240-acre non-standard gas proration unit in the
Eumont Gas Pool in exception to Rule 5 (a) of the Special Rules and
Regulations for said pool.

MR. LYON: The appearances for the applicant are V. T.
Lyon and R. J. Francis. I have one witness, Mr. Francis.

(Witness sworn.)

MR. MANKIN: Proceed.

MR. LYONS: This is an application of Continental Oil Company for the enlargement of one existing 160-acre non-standard proration unit in the Eumont Pool to a non-standard unit of 240-acres in Section 11, Township 20 South, Range 36 East, Lea County, New Mexico.

ROGERS FRANCIS

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

DIRECT EXAMINATION

BY: MR. LYONS:

Q Would you state your name, please.

A Rogers Francis.

Q By whom are you employed? A Continental Oil Company.

Q In what capacity? A Petroleum engineer.

Q Will you please review briefly for the Examiner your qualifications, education, and experience?

A I attended Louisiana State University and on August the 5th, 1950 I received a Bachelor of Science degree in petroleum engineering. At that time, I accepted a position with Continental Oil Company and have been working with them ever since then.

During my first year of employment I was assigned to an engineering program, six months of which was spent in the Hobbs area, and at the end of that year, I was assigned here primarily as a petroleum engineer.

Q In your capacity as a petroleum engineer, have you had

occasion to become familiar with the Sanderson "A-11" Lease?

A I have.

MR. LYON: Are the witness' qualifications acceptable?

MR. MANKIN: They are.

Q (By Mr. Lyon) Mr. Francis, are you familiar with the application that has been filed in this case?

A Yes, I am.

(Applicant's Exhibit No. 1 Marked
for Identification.)

Q Referring to what has been marked Exhibit No. 1, will you please briefly describe the information shown thereon?

A Exhibit 1 is a plat showing the general area surrounding the Sanderson "A-11" Well No. 1. The well is circled in red on the plat and is shown on there 1980 feet from the South line and 660 feet from the East line of Section 11, Township 20 South, Range 36 East, New Mexico Principal Meridan, Lea County, New Mexico.

The present unit is outlined by a dashed red line and is shown on the plat consisting of the Southeast Quarter of Section 11.

The proposed unit is outlined by a solid red line and is shown to consist of the Southeast Quarter and South Half of the Southwest Quarter of Section 11, containing 240-acres.

The Exhibit also shows, circled in green, the gas wells on offsetting leases, with the unit allocated to them enclosed in green.

The proposed enlargement is accomplished by adding to the present unit the South Half of the Southwest Quarter of Section 11, which

is a part of the same lease as the present unit. This portion of the lease has no producing gas wells to which its acreage can be assigned for allowable purposes.

By the structural contours on top of the Yates, included in Exhibit 1, it may be seen that the acreage of the proposed enlargement, consisting of the South Half of the Southwest Quarter of Section 11, is comparable structurally to Continental Oil Company's Sanderson "A-14" Well No. 7, situated southeast of the proposed enlargement, completed in the Eumont Pay September 29, 1956, with a calculated open flow potential of eleven thousand seven hundred and fifty MCF's per day, and deliverability against six hundred pound pressure, of six thousand nine hundred MCF's of gas per day. It is therefore reasonable to assume that the entire proposed enlargement is productive of gas.

Q You stated that it is reasonable to assume -- That this is reasonably presumed to be productive of gas. Is that based on the structural contours as well as the producing gas wells surrounding this area?

A That is correct.

(Applicant's Exhibit No. 2 Marked
For Identification.)

Q Now, referring to what has been marked Exhibit No. 2, would you please describe briefly the information shown on that Exhibit?

A Exhibit 2 is a capacity diagram showing the formations in which the subject well is completed, complete with the estimated tops of producing formations, and the method in which gas is produced

from the Eumont Pool.

It may be seen from this diagram that ten and three-quarter inch surface casing was set at two hundred and fifty-one feet, and intermediate strings of seven and five-eighths inches was set at a depth of two thousand three hundred and twenty-eight feet, and a producing string of five and a half inches was set at three thousand seven hundred and seventy-eight, with one hundred and fifty sacks of cement, and the well being carried up to a total depth of three thousand eight hundred and eighty-eight feet for initial completion in the Grayburg as an oil well.

Gas production, as it occurs at the present time, is originating from the open hole, open hole annular section, between the five and a half and seven and five-eighths at a depth of two thousand three hundred and twenty-eight to an estimated two thousand nine hundred and ninety on the top of the cement. This producing zone includes all of the Yates Formation and part of the Seven Rivers.

Q What date was this well completed?

A The well was originally completed -- That is, its oil completion, on August the 30th, 1956.

Q And the well is now producing oil from the Grayburg through the production string and gas through the Bradenhead connections?

A That is correct.

Q From the Eumont Zone?

A That is correct.

Q Now, do you have any evidence to indicate that the well is capable of production for the enlarged unit?

A Yes.

(Applicant's Exhibit No. 3 Marked
for Identification.)

A (Continuing) As indicated by Exhibit No. 3, the well was recently potentialled, on September the 21st, 1956. At that time, by back pressure test, it was calculated for an open flow potential of five thousand one hundred and fifty MCF's of gas per day, and deliverability against six hundred pounds line pressure, of two thousand five hundred and fifty MCF's of gas per day.

Q You previously testified that, in your opinion, the entire unit sought to be allocated to the well is reasonably thought to be productive of gas. Does the unit consist of contiguous quarter quarter sections?

A It does.

Q Are they all contained within the boundaries of a single government section?

A It is.

Q Is the unit's length, or width, in excess of five thousand two hundred and eighty feet?

A No.

MR. LYON: I believe that's all we have to offer into evidence, and I would like to offer Exhibits Nos. 1, 2, and 3.

MR. MANKIN: Are there any objections to the entrance of Exhibits 1, 2, and 3 in this case? If not, they will be so entered.

CROSS EXAMINATION

BY: MR. MANKIN:

Q Mr. Francis, at the present time, all of the completed wells on this 240-acre unit are oil wells in the Monument Oil Pool, is that

correct?

A That is correct.

Q Except the subject well which is the Bradenhead Well, which has Bradenhead gas from the Eumont and the remainder of the wells are Monument Wells?

A That is correct.

MR. MANKIN: Are there any further questions of the witness in this case?

MR. COOLEY: I have some questions.

MR. MANKIN: Mr. Cooley.

BY: MR. COOLEY:

Q Mr. Francis, is the Southeast Quarter in the South Half of the Southwest Quarter contained in one basic lease?

A That is correct.

Q And is Continental the sole owner of the working interest in that lease?

A No, it is not.

Q What is the ownership of the lease?

A The ownership of the lease? You are, of course, referring to the operating --

Q Yes.

A Continental owns twenty-five per cent of the working interest in it, and is the operator. The other seventy-five per cent is owned equally by Pan American, Atlantic, and Standard of Texas.

Q You say Continental is the operator. Is it designated as an operator in an operating agreement?

A That is correct.

Q And the royalty interest is common throughout?

A That's right.

Q You do not have a copy of that agreement, do you, Mr. Francis?

A No, I do not have a copy at the present time.

MR. LYON: We do not have a copy available at this time.

MR. COOLEY: I wonder, is it a communization agreement or simply an operating agreement?

MR. LYON: I might state for the record that this lease is a part of the New Mexico Federal Unit.

MR. COOLEY: What?

MR. LYON: This lease is a part of the New Mexico Federal Unit.

Q (By Mr. Cooley): This well is 660 feet from the North line of the lease, or the proposed unit?

A That is correct, it would be situated 660 from the Northeast line, or 1980 feet from the section line, Section 11.

Q That makes it a 660 location?

A That is correct, 660 location.

MR. COOLEY: I believe that is all.

MR. MANKIN: Are there any further questions of the witness? If not, the witness may be excused. Do you have anything further?

MR. LYON: Do you have anything further to add, Mr. Francis?

MR. FRANCIS: No, I don't have.

MR. MANKIN: Is there anything further to be presented in this case? If not, we will take the case under advisement.

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss.

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, 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, the 3rd day of April, 1957, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo

 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the hearing in the Transcript Hearing of Case No. 1230. heard by me on March 27, 1957.
W. A. [Signature] Examiner
 New Mexico Oil Conservation Commission