

MAIN OFFICE UCC

BEFORE THE
OIL CONSERVATION COMMISSION : 31
HOBBS, NEW MEXICO

IN THE MATTER OF:

Case 1290

TRANSCRIPT OF PROCEEDINGS

August 7, 1957

DEARNLEY - MEIER & ASSOCIATES
INCORPORATED
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
3-6691 5-9546

BEFORE THE
OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 7, 1957

IN THE MATTER OF:

CASE 1290: Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order authorizing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 and the NE/4 SE/4 Section 24, Township 21 South, Range 35 East, Lea County, New Mexico, said unit to be dedicated to the applicant's State "C" No. 2 Well located 1650 feet from the North line and 330 feet from the East line of said Section 24.

Oil Conservation Commission
Office
1000 West Broadway
Hobbs, New Mexico

BEFORE:

WARREN W. MANKIN, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: Last case on the docket today is Case 1290.

MR. COOLEY: Case 1290. Application of Shell Oil Company for the establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool, Lea County, New Mexico.

Mr. Palmer, are you also going to present Shell's case, in Case 1290?

MR. PALMER: I am.

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MR. COOLEY: Would you stand and be sworn please.

(Witness sworn.)

A. K. PALMER

a witness on behalf of Shell Oil Company, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your name and position for the record?

A A. K. Palmer, District Exploration Engineer, Shell Oil Company.

Q Mr. Palmer, have you previously had your qualifications as an expert witness accepted by the Oil Conservation Commission of New Mexico?

A I have.

MR. COOLEY: Are the witness's qualifications acceptable?

MR. MANKIN: They are, proceed.

A This is an application by Shell Oil Company for a non-standard gas proration unit in the Eumont Gas Pool. The proposed non-standard gas proration unit will consist of the northeast quarter, and the northeast quarter of the southeast quarter of Section 24, Township 21 South, Range 35 East. The unit well is a Shell State "C" No. 2. Proposed non-standard gas proration unit consists of the one hundred and sixty acre Shell State "C" Lease, and the forty acre Shell State "N" Lease. The proposed unit well, Shell State "C" No. 2 was originally completed in 1938 as an oil well. In May, 1957, Shell drilled a replacement well for the Oil State "C" No. 2

Well. The replacement was the Shell State No. 2 A. Upon completion of State "C" ^{16.2} Well, the State Shell No. 2 Well was shut in, subsequently the State No. 2 Well was replaced by a single zone gas well after the oil zone was abandoned. The well was completed after perforating opposite the Eumont gas pay in the Yates and Seven Rivers sections, and fracture treated, twenty thousands ^{gallon} of gas, although the official test has not been taken because the pipe line connection has not been installed. But tests after the fracture treatment indicated a capacity of approximately thirty-five hundred MCF gas per day, through a twenty-four hour flow, and one thousand PSI. These tests indicated the well will easily be able to produce a two hundred acre allowable in the Eumont Gas Pool. This unit is non-standard because of its shape. A standard unit in the Eumont Gas Pool, I believe, consists of six hundred and forty acres, and is within a section of essentially, in the form of a square. All of the acreage to be included in the proposed unit is considered to be proven gas productive by this and other wells; as Exhibit 1 I have a plat which shows the proposed gas unit, outlined in red. The existing gas proration unit is outlined in yellow, the horizontal limit of the Eumont Gas Pool is outlined in green. Exhibit 2 is the radioactive log of the subject well, which shows the formation tops and perforations and completion procedure. All of the off-set operators were notified of Shell's Application for this non-standard gas proration unit by a copy of the official application to the Commission.

MR. COOLEY: Does that conclude your direct testimony?

A Yes, sir, it does.

MR. MANKIN: Do you desire to have Exhibits 1 and 2 so entered in this case?

A Yes.

MR. MANKIN: Any objections to entering Exhibits 1 and 2 in this case?

(No response.)

MR. MANKIN: If not, they will be so received.

BY MR. COOLEY:

Q Mr. Palmer, your testimony indicates that the proposed non-standard gas proration unit consists of two basic State of New Mexico Leases--

A (Interrupting) That is correct.

Q (Continuing) --or portions thereof?

A Yes, sir.

Q Has a declaration for a revision for a declaration regarding the common dedication of these two State of New Mexico Leases been filed with the State of New Mexico Land Office?

A Not at this date.

Q You are aware that it is required to do so in order to have the Land Office recognize the dedication of the two leases?

A Yes, sir.

Q Do you anticipate taking immediate action to have the dual dedication of these two leases filed with the Land Office in the event this unit were approved by the Oil Conservation Commission?

A Yes, sir, that is our plan.

Q Mr. Palmer, what is the location of the No. 2 Well with respect to the eastern most boundary of Section 24?

A It is three hundred and thirty feet from the east line of Section 24.

Q This well was drilled initially to what formation?

A It was drilled initially as a Eunice, an old Eunice Pool in 1938.

Q This constitutes a re-completion?

A It constitutes a re-completion, yes, sir. The oil zone was recompleted to a single flow gas well.

Q None of the wells which are shown on the proposed proration unit are producing from the Eumont?

A Yes, sir, they are all producing from the Eumont.

Q Does Shell Oil Company own the working interest of the State "C" and "N" Leases?

A Yes, sir, that is correct.

MR. COOLEY: I believe that is all.

BY MR. MANKIN:

Q Mr. Palmer, to carry it further, a question that was started a moment ago by Mr. Cooley, on this Exhibit No. 1, showing the two hundred acres, dedicated acreage, is it not true that there are presently completed five oil wells within the vertical limits of the Eumont Gas Pool?

A Yes, I think so. The vertical limits of the Eumont Gas

Pool, I think includes Yates, Seven Rivers, and Queen Formation, and I think most of those wells, probably all of them are completed from the Queen Formation there.

Q That was in the next quotation. Do you know so far if these are completed from the Queen or Seven Rivers?

A I don't know for certain, I would have to check the logs on them, which I haven't looked at them.

Q Is it not possible the oil production might be coming from the lower Seven Rivers or the Queen, or both?

A Of course, it is possible. I think most of them wells in that particular area or field are producing from the Queen and Seven Rivers.

Q And the gas well which is herein proposed to be dedicated is completed from the Yates and possibly the upper portion of the Seven Rivers?

A It is completed from the Yates and upper portion of--upper hundred feet of the Seven Rivers.

Q As shown by your Exhibit 1, there is gas production to the northeast and southeast of the proposed unit, is that correct?

A Yes, there is a gas well in Section 19, east and southeast of the unit, and up in Section 18 there are two gas wells, shown on this plat, and in Section 13, directly north and northwest there are three gas wells in that section.

Q So, the area is productive predominantly for gas, and the other one is in the northeast and south which is predominantly oil

productive to the west, is that correct?

A Oil that is completed to the west, or oil west, I don't know if anyone has attempted to complete a gas well directly west of our unit. Of course, you will note by the contours, that the proposed acreage is on structure from acreage dedicated to gas units in the Amerada W.E.B. and W.E.E. Leases to the northwest.

Q This is an area of rather steep reefing of the Yates and Seven Rivers, is that not correct? A That is correct.

Q So, it could be reasonably presumed that the entire two hundred acres would be gas productive?

A In our opinion, yes, sir.

Q Has the test, the last test that has been taken on this well shown this particular well to be predominantly dry of gas production?

A Yes, sir, it is dry gas production.

Q The well has not been produced up until this time?

A No, because again there is not a pipe line connection in, to date.

MR. MANKIN: Any further questions of the witness?

(No response.) If there are no further questions of the witness, the witness may be excused. Any statements to be made in this case?

(No response.)

MR. MANKIN: If there is nothing further, we will take the case under advisement, and this hearing is adjourned.

R E P O R T E R ' S C E R T I F I C A T E

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

I, ROBERT V. MAES, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission Examiner, for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me, and that 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 August, 1957.

Robert V. Maes

 Notary Public - Court Reporter

My Commission Expires

February 7, 1961

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1740 heard by me on August 7, 1957.
Walter J. Parker

 New Mexico Oil Conservation Commission Examiner