

IN THE MATTER OF:

Case No. 1301

TRANSCRIPT OF HEARING

August 28, 1957

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

(Witness sworn.)

ROBERT N. MILLER

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

EXAMINATION

BY: MR. COOLEY:

Q Will you state your full name and position for the record, please.

A Robert N. Miller, area engineer for Tidewater Oil Company, Hobbs, New Mexico.

Q Have you previously testified before the Oil Conservation Commission of New Mexico as an expert witness?

A No, sir, I have not.

Q Will you briefly outline your educational background and what experience you have?

A I received a BS degree in petroleum engineering from the University of Texas in June, 1950, and have been employed with Tidewater since that time working in various capacities throughout the States of New Mexico, Texas, Louisiana, Arkansas, and Oklahoma. I have been working here at Hobbs in the capacity of area engineer for the past four months.

Q Are you familiar with the conditions in the Tubb Gas Pool in Lea County, New Mexico?

A Yes, sir.

MR. COOLEY: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q Will you proceed with your statement in this case, please?

A This is an application of Tidewater Oil Company seeking an order granting a 120-acre non-standard gas proration unit in the Tubb Gas Pool consisting of the S/2 SE/4 and SE/4 SW/4 of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico, and the said unit to be dedicated to applicant's Percy Hardy Well No. 2. I would like at this time to enter Exhibit 1 and two, please, sir.

(Tidewater Oil Company's Exhibits
Nos. 1 and 2 marked for identification.)

In this application, Tidewater requests approval for the formation of a non-standard proration unit in the Tubb Gas Pool as provided for in Rule 5 (c), Order R-586. Tidewater Oil Company is a working interest owner and operator of a 80-acre oil and gas lease known as the Percy Hardy, located in the S/2 SE/4 of Section 17, 21 South, 37 East, and that N. G. Penrose is a working interest owner and operator of a 40-acre oil and gas lease known as the Percy Hardy, located in the SE/4 SW/4 of Section 17, all in Township 21 South, Range 37 East, Lea County, New Mexico. These two tracts to be included in the proposed 120-acre non-standard Tubbs Gas proration unit. These are shown colored in yellow on Exhibit 1.

The working interest is broken down in the 80-acre Percy Hardy Lease as follows: Tidewater 7/8, Peerless Oil and Gas Company 1/8, and in the Penrose 40-acre Percy Hardy Lease, Penrose 6/8,

Tidewater 1/8, and Peerless 1/8.

The above described acreage to be dedicated to Tidewater's Percy Hardy No. 2, located 660 feet from the South line and 1980 feet from the East line of said Section 17, and that under administrative Order DC-470, applicant was granted approval to dual complete this well as a gas-oil dual to produce Tubbs gas from the annulus. This well is presently producing from the Drinkard.

In Tidewater's original letter of application, dated July 2, 1957, all operators in Section 17 within 1500 feet of the proposed gas well were notified by registered mail and no objections to this application have been received.

The above described acreage composing this 120-acre non-standard proration unit lies wholly within the horizontal limits of the Tubb Gas Pool as set out in Order R-586. That is shown as a dark green line on the left of both Exhibits 1 and 2. That the contour map submitted as Exhibit 1 shows the lowest part of the proposed non-standard gas unit would find the Tubb marker at approximately minus 2685. There are two gas wells producing at approximately this same subsea depths. One in Section 9, 21 South, 37 East encountered this marker at minus 2684, or one foot above the estimated West line of this 120-acre proposed unit. This well, on a recent test, indicated to be capable of producing 567 MCF's per day, or 3 barrels of distillate. The other well is in Section 4, 21 South, 37 East, and encountered this marker at minus 2691

or six feet below the lower most proposed unit. A recent test indicated this well to be capable of producing four million cubic feet of gas per day, with 88 barrels of 65.6 degree API gravity distillate. Thus the entire proposed unit may be reasonably assumed to be productive from the Tubb gas zones.

Exhibit II shows the proposed non-standard unit along with other standard and non-standard units nearby. It can be seen that there are two units immediately east of this proposed one. They are similar in shape to Tidewater's proposed unit.

We believe that this would be a gas well rather than an oil well, as wells down structure from the location of Tidewater's Percy Hardy No. 2 were completed as gas wells.

By establishment of the proposed non-standard gas proration unit, this will prevent waste and protect correlative rights of operators. The three working interest owners concerned in the proposed non-standard gas unit have verbally agreed to terms of an operating and communitization agreement, and at the present time, these instruments are in the process of being executed, which we have not received at this time, however. We have some tests on other gas wells that are shown in Exhibit II. Pan American's Leonard C-12 No. 5, which is located in the Northeast of the Northwest Quarter of Section 16 on a recent test produced 2.8 million cubic feet of gas, with 33 barrels of 69 degree distillate. Gulf's Leonard E No. 4 located in the Northeast, Northeast, Section 16, on a recent test produced 1.7 million cubic feet of

gas per day, with 28 barrels of distillate. Amerada's State D-A No. 3, located in the Northwest of the Southeast of Section 16, on a recent test produced 1.3 million cubic feet of gas per day and 16 barrels of 60 degree gravity distillate. Continental's Wantz 1-D, located in the Northeast of the Southwest of Section 21 -- Excuse me, on a representative test, it produced 450 MCF of gas per day, and 10 barrels of 53 degree distillate. Continental's Wantz No. 3, located in the Northwest of the Southwest of Section 21, on a representative test produced 732 cubic feet of gas, and 12 barrels of distillate per day.

That concludes the testimony.

MR. NUTTER: Does anyone have any questions of the witness? Mr. Fischer.

CROSS EXAMINATION

BY: MR. E. J. FISCHER:

Q Mr. Miller, therefore there is no gas well around there?

A No, sir.

Q That have -- Rather, that you mentioned there that have a gravity of less than forty-five degree?

A No, sir, there is not.

Q What is the smallest unit dedicated to any one well?

A The smallest unit is forty acres, I believe.

Q Dedicated to one gas well?

A Yes, sir.

MR. FISCHER: Thank you.

MR. NUTTER: Anyone else have any questions.

MR. RUNYAN: I have some.

MR. NUTTER: Mr. Runyan.

QUESTIONS BY MR. RUNYAN:

Q Maybe I missed it, did you give the perforation intervals?

A No, sir.

Q Do you have that information?

A Well, sir, we submitted the application to dual this well. We put in the application from 6200 to 6300, but that covered the whole Tubb Zone, and that will be looked at. In other words, the well hasn't been completed as yet. We are pending approval of this proposal.

Q Then you are not sure just where --

A No, sir.

MR. RUNYAN: That is all.

MR. NUTTER: What will this well be, a Tubb and a Drinkard dual?

A Yes, sir.

QUESTIONS BY MR. FISCHER:

Q Your ~~perforation~~ ^{perforation} intervals are based on logs?

A Yes, sir. This 6200 to 6300 will cover the whole Tubb section.

Q Mr. Miller, are you presently pumping your Drinkard zone?

A No, sir, it is flowing nine barrels of oil per day.

Q Do you anticipate to pump it in the near future?

A We started out pumping some of those Drinkard wells, and the conclusion was that they will flow as much if they are not pumped. Some of them are down to four barrels a day, and some are pumping four barrels a day.

Q In the event that you would have to pump this Drinkard zone in this particular well, do you think you could set up a method to get the gas underneath the packer?

A I imagine that we would.

MR. FISCHER: Thank you.

QUESTIONS BY MR. NUTTER:

Q Would you repeat the location of those two wells which would be below this well structurally?

A I don't have the exact location, just the sections in which those wells are located. One is in Section 9 and the other in Section 4.

Q What Township?

A Both in Township 21 South, Range 37 East. I believe one of those, Pan American has that well in Section 9. The well in Section 9 is Continental's USB Well No. 3, which would be located at the Northeast of the Northwest, Section 9, Township 21 South, Range 37 ~~East~~, and the other well is the Stanolind's A Southland Royalty Company Well No. 4, located in the Southeast of the Southeast of Section 4, Township 21 South, Range 37 East, and the well in Section 4, the Stanolind's Southland Royalty is

the one that is producing distillate with the gravity of 65.6 API.

Q To your knowledge, has any well been drilled to the Tubb Formation in Section 17?

A Not to my knowledge, no, sir, not made to produce from the Tubb. They all go into the Drinkard.

Q You don't know of any tests in the Tubb?

A No, sir, I don't.

Q How about in Section 20, directly south?

A There has been two tests to the Tubb.

Q What were the results of those tests?

A Both low volume, low pressure gas wells.

Q What was the location?

A Amerada drilled one on their Randall, located-- It would be the Southeast of the Northwest of 20. Tidewater is operator for Ohio and Pacific Western's drilled well No. 5, located in the Southeast of the Southeast of Section 20.

Q And those were low volume gas wells?

A Yes, sir, they are.

MR. NUTTER: Anyone else have any questions of the witness?
Mr. Cooley.

QUESTIONS BY MR. COOLEY:

Q Mr. Miller, would you go into a little more detail on what arrangements have been made toward communitizing this acreage?

A We have contacted both Penrose, our Tulsa office has contacted both Penrose and Peerless concerning the formation of a

non-standard proration unit in this area to produce Tubbs gas. I believe that Tidewater has on record in the Tulsa office, letters approving such action, and they have gone so far as to approve the actual expenditure to work on the Hardy No. 2, making it a dual. However, the instrument concerning operation and communitization have not been executed as yet. They have been sent out to the operators, beg your pardon.

Q What is the royalty ownership?

A Royalty ownership is the same for the whole 120 acres.

Q And that is fee lease?

A Yes, sir.

MR. COOLEY: That's all the questions I have.

MR. NUTTER: Anyone else have a question? If not, the witness may be excused.

(Witness excused.)

MR. NUTTER: Does anyone have a statement? If not, we will take the case under advisement. Let the record show that in case No. ¹³⁰¹~~1310~~, the exhibits were received in evidence, and there was no objection to the receipt thereof.

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 Proceedings before the Oil Conservation Commission for the State of New Mexico was reported by me in Stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this 4th day of September, 1956.

J. A. Trujillo
 NOTARY PUBLIC, COURT REPORTER

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1301 heard by me on 8-28, 1957.

Samuel H. Turner, Examiner
 New Mexico Oil Conservation Commission