

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1451

TRANSCRIPT OF HEARING

MAY 28, 1958

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

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTERHEARING DATE Examiner

May 28, 1958

TIME: 9:00 a.m.

NAME:

REPRESENTING:

LOCATION:

H P Bratton	Henry Don Hinkle - The Texas Co.	Roswell
John H. Clark	The Texas Co.	Midland
C.S. Johnson	The Texas Co.	Midland
F.C. Morgan	Phillips Pet. Co.	Hobbs
W.W. Phillips	Phillips Pet. Co.	Hobbs
John L. Sanders	Magnolia Pet. Co.	Hobbs
A.N. Wade	The Texas Co.	Ft. Worth
J.A. Schaffer	The Texas Co.	Ft. Worth
D.B. Meisner	The Texas Co.	Ft. Worth
B. E. Hellman	The Texas Co.	Ft. Worth
A.M. Speir	Utex Exploration Co.	Artesia, N.M.
T.R. Havins, Jr.	Utex Exploration Co.	Abilene, Tex
R.T. Churchill	Neville G. Penrose, Inc.	Ft. Worth, Texas
J.R. French	Neville G. Penrose Inc	Midland, Tex
H.L. McCracken	AMBASSADOR OIL Corp	Ft. Worth
D.R. Currens	PAN AMERICAN PET CORP	ROSWELL, N. M.
J.W. Brown	✓ ✓ ✓ ✓	✓ ✓
Guy Buell	✓ ✓ ✓ ✓	FT WORTH, TEXAS
E. L. Barden	El Paso Natural Gas Co	Midland, Texas
Frank Charnes	Edwin W. Pauling	Santa Fe, N.M.
Frank Charnes	PHCCO Pet. Corp	Albuquerque, N.M.
Janice Royal	Statehouse Separators	Santa Fe

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry HallSanta Fe, NEW MEXICOREGISTERHEARING DATE Examiner May 28, 1958 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
Jack M Campbell Jack W. Jones Phil Lundy J. F. GARNES R. S. Christie H. C. Kidd Jason Kellahin P. B. Smith La Ford V. T. LYON W. P. Torrison Geo. W. Wooten E. V. BOYNTON W. V. Taster J. H. Hoover Don Heller J. H. Wooten	Campbell + Russell Lidewater Oil Co. Tennessee Gas Trans. Co. Tennessee Gas Trans. Co. A meranda A meranda Kellahin + Fox Kerridge Corp. CONTINENTAL OIL CO Atlantic A A Greer et al Continental Oil Gulf Oil Corp El Paso Natural Gas Co	Roswell NM Tulsa, Okla. Hobbs, New Mexico Tulsa Monument, New Mexico Santa Fe, New Mexico Breckenridge, Texas FUNICE, N. M. Roswell Farmington HOBBS Roswell. Ir North El Paso

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry HallSanta Fe, NEW MEXICOREGISTERHEARING DATE Examiner May 28, 1958 TIME: 9:00 a.m.

NAME:

REPRESENTING:

LOCATION:

*S. J. Stearns**B. M. N. S. Co.**Artes N. Mex.**A. A. Heer**Independent**Artes N. Mex.**J. C. Dotson**Service Pipe Line Co.**Livingston, N. M.**James J. J. J.**Ambassador Oil Co.**Roswell "*

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
MAY 28, 1958

IN THE MATTER OF:

CASE NO. 1451 Application of Amerada Petroleum Corporation for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order establishing a 280-acre non-standard gas proration unit in the Justis Gas Pool consisting of the W/2 SW/4 Section 24, NW/4 and SW/4 NE/4 of Section 25, all in Township 25 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the applicant's proposed well to be drilled in the NE/4 NW/4 of said Section 25.

BEFORE:

Elvis A. Utz, Examiner

T R A N S C R I P T O F P R O C E E D I N G S

MR. UTZ: Next case will be Case No. 1451.

MR. PAYNE: Application of Amerada Petroleum Corporation for a non-standard gas proration unit.

MR. KELLAHIN: Jason Kellahin of Kellahin & Fox, representing the applicant, Amerada Petroleum Corporation. This is an application for approval of a non-standard proration unit consisting of the west half of the southwest quarter of Section 24, the northwest quarter and the southwest quarter of the northeast quarter of Section 25, in Township 25 South, Range 37 East, all of which is

located within the defined limits of the Justis Gas Pool. We have two witnesses, Mr. Harold Kidd and Mr. R. S. Christie.

(Witnesses sworn)

MR. KELLAHIN: We will call as our first witness Mr. Kidd.

H. C. KIDD,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please?

A Harold C. Kidd.

Q By whom are you employed, Mr. Kidd, and in what capacity

A By Amerada Petroleum Corporation as district engineer at Monument, New Mexico.

Q Have you testified before this Commission as an expert engineer and had your qualifications accepted?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications accepted?

MR. UTZ: They are.

Q Mr. Kidd, are you familiar with the application in Case 1451?

A Yes, sir, I am.

Q Now, referring to what has been marked as Exhibit No. 1, will you state what that shows?

A Exhibit No. 1 is a plat of the area showing the location of the proposed gas unit colored yellow on the Exhibit. The location

of the proposed unit well circled red, the location of all existing gas units in the area in green, horizontal limits of the Justis Gas Pool in the area, and the lease ownership and well location in the vicinity of the proposed non-standard unit.

Q Now, all of the proposed non-standard unit is within the defined limits of the Justis Gas Pool, is it not?

A Yes, sir, it is.

Q Would you give us the proposed well location?

A The well location as shown on the plat is wrong. The location should be 990 from the north line and 1650 from the west line. It is shown as a 660 location from the north and a 1980 from the west.

MR. UTZ: What were those --

A Be 990 from the north line, 1650 from the west line, Section 25, Township 25, Range 37 East.

Q Now, referring to what has been marked as Exhibit No. 2, will you state what that shows?

A Yes, sir. Exhibit No. 2 is a structure map contoured on top of the Glorietta which is the gas producing formation of the Justis Gas Pool, has a contour interval of twenty-five feet. Here again, the proposed gas unit is colored yellow, and the well location is circled in red. The horizontal limits are also shown on the cross section.

Q Does that plat likewise show the wells producing from the Justis Gas Pool?

A Yes, sir, it does. The gas wells are shown with the gas well symbol with a circle around it, around the gas well.

Q That is confined to this area?

A In this area, yes, sir.

Q Now, on the basis of this Exhibit and the structure you find in this area and on the basis of the production which has been found in the vicinity of this proposed unit, may all of the acreage proposed to be included in the unit reasonably presumed to be productive of gas?

A Yes, sir. The structure map indicates that the acreage would be productive of gas and the proposed unit offset is offset to the north and south by producing gas wells.

Q Now, referring to what has been marked as Exhibit No. 3, will you state what that shows?

A Exhibit No. 3 is a tabulation of production data for the Justis Gas Pool, and shows gas production in MCF by months and by years for the Justis Pool; shows distillate production in barrels for the Justis Gas Pool by months and by years, and also has a tabulation of gas production by years and months for wells in the area in the proposed unit.

Q For the benefit of the Examiner, can you summarize the production of the pool on the basis of that Exhibit?

A Yes, sir. The field production tabulation shows a cumulative gas production to April 1, 1958 of ten billion, five hundred ninety-eight thousand and four MCF of gas, while distillate

production totals twenty five thousand one hundred twenty-five barrels. Gas production currently is averaging five thousand, one hundred and eight MCF and twenty barrels distillate per day.

Q Now, as I understand, the Exhibit likewise shows the production from wells offsetting the proposed unit, is that correct?

A Yes, sir, it does.

Q Can you summarize that information?

A The proposed wells range from over two billion cubic feet of gas to two hundred and five thousand MCF of gas, and gas production during the last fifteen months has averaged between four hundred and fourteen thousand cubic feet per day and a million six hundred ninety-four thousand cubic feet per day.

Q Now, there is no well producing on the proposed unit from the Justis Gas Pool at the present time, is there?

A No, sir, there isn't.

Q In your opinion, unless this application is granted, will the situation you've outlined result in a denial of a right to produce your fair share of gas from the Justis Gas Pool?

A Yes, sir, I believe it will. The exhibits show the acreage to be productive, and that we are offset by producing gas units, and that we require a gas unit here to obtain our fair share of gas in the area.

Q Will the production of this unit result in production of acreage held by Amerada?

A Yes, it does.

Q Were Exhibits 1, 2 and 3 prepared by you or under your direction and supervision?

A Yes, sir, they were.

MR. KELLAHIN: At this time we would like to offer Exhibits 1, 2 and 3.

MR. UTZ: Does Exhibit 3 include all the tabulated pages that follow it?

MR. KELLAHIN: If the Examiner please, they are all stamped together and in the interest of saving time we offered it as one exhibit. The exhibits consist of two parts, one relating to pool production and the other to the production from specific wells.

MR. UTZ: Consists of five pages?

MR. KELLAHIN: Yes, sir.

MR. UTZ: Is there objection to the entrance of these exhibits? If not, they will be accepted.

MR. KELLAHIN: I have no further questions of the witness.

MR. UTZ: Are there any questions of the witness?
QUESTIONS BY MR. UTZ:

Mr. Kidd, I believe you stated that the only way you could recover your fair share of gas and oil in this unit was to drill a well in this unit, is that correct?

A Yes, sir.

Q Is it possible to communitize this acreage with another well in the area?

A Yes, sir, it would be. Mr. Christie is going to testify to

that.

MR. KELLAHIN: He is going to testify on efforts to communitize.

MR. UTZ: Are there any other questions of the witness? If not, the witness may be excused.

(Witness excused)

MR. KELLAHIN: I would like to call Mr. Christie.

R. S. CHRISTIE,
called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name, please, sir?

A R. S. Christie.

Q By whom are you employed and in what position, Mr. Christie?

A Amerada Petroleum Corporation, petroleum engineer.

Q Now, Mr. Christie, in your position as petroleum engineer, have you had anything to do with the subject matter of Case 1451?

A Yes, sir, in a general way.

Q Now, in the application filed in this case, it is stated at Paragraph 2 that efforts to communitize with the adjacent owner to form a 320-acre unit have proved unsuccessful. Can you outline to the Commission what efforts have been made to communitize this acreage?

A Since Order No. 586-C in Case 1293 was signed setting up a

320-acre unit in the Justis Gas Pool, Amerada has made a diligent effort to try to communitize our acreage into standard 320-acre units.

Q Now, have those efforts met with any success?

A Up to the present time they have not. We have been constantly in touch with the other companies involved in these units, and to the present time we have been unable to form these 320-acre standard units.

Q Is Amerada Petroleum Corporation willing to form a standard unit?

A Yes. We would still like to form a standard 320-acre unit and prevent the drilling of unnecessary wells, and this can be done by the drilling of one additional well in this area which would then commit all the acreage within the defined limits of the pool.

Q Is there any special reason for securing approval of a non-standard unit at the present time, Mr. Christie?

A You have reference to our particular application?

Q Do you have any obligations in regard to getting this property on structure?

A Yes. One of the reasons that unit could not be formed in the past, our royalty interests would not pool with other units, but recently we have obtained pooling agreements which remain in effect only until July 15th, and at that time if the acreage is not committed to units, or a well is not drilled, the pooling agreements are void.

Q And in that event, it would be necessary to go back and

secure a new agreement, is that correct?

A Yes, sir, or face the possibility of law suit, perhaps. I might add that the companies have had a meeting recently, and we feel rather confident that these units may be worked out possibly prior to the date of the signing of this application, if the Commission approves it.

Q Well, in that event, Mr. Christie, would you keep the Commission informed as to the progress of these negotiations and advise them immediately if a standard unit is formed?

A Yes, sir, we will.

Q Do you have anything you care to add?

A I believe not.

MR. KELLAHIN: That's all the questions we have of Mr. Christie.

MR. UTZ: Are there any questions of Mr. Christie?

MR. JONES: Mr. Examiner, my name is Jack D. Jones. I represent Tidewater Oil Company. I am from Tulsa.

CROSS EXAMINATION

BY MR. JONES:

Q Mr. Christie, the efforts of the other companies to form standard units in this area include both Sections 24 and 25, do they not?

A Yes, sir.

Q So that if standard units could be formed, only one further well would need to be drilled, as you said there would be no nec-

essity of a well as you proposed here, is that correct?

A That's correct.

MR. JONES: I have no further questions.

MR. KELLAHIN: If the Examiner please, in view of the testimony which has been offered in regard to the formation of the standard unit, at this time we would request that this case be held open until the regular state-wide hearing, June 18th, I believe is the date, at which time we should be in a position to report as to the progress on those negotiations.

MR. UTZ: You have heard the motion. Is there any objection to the continuance of this case until June the 18th regular hearing? If not, the case will be continued.

Are there any other questions of Mr. Christie? If not, the witness may be excused.

(Witness excused)

MR. UTZ: The case will be continued until the June 18th regular hearing.

MR. KELLAHIN: If the Examiner please, as a matter of procedure, this being an Examiner hearing, we've asked that this be continued to the regular June 18th hearing. However, I do not feel that it will come before the Commission as a whole, but would be a matter to be conducted before the Examiner, unless it is transferred to the Commission by some order or some other procedure. I don't feel that there will be any necessity for any further testimony in connection with this case. I am a little at a loss as to

how it can be handled.

MR. PAYNE: We can transfer it to the Commission.

MR. KELLAHIN: I think it will have to be done.

MR. PAYNE: Yes, I agree with you.

MR. KELLAHIN: I just wanted to settle a point. In that event, it will have to be readvertized, I assume, as a continued case transferred to the Commission.

MR. UTZ: Yes, we will readvertize it.

MR. KELLAHIN: That's all we have to offer at the present time.

MR. UTZ: The hearing will be adjourned until eight o'clock in the morning at the same place.

C E R T I F I C A T E

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 New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or 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, the 1st day of July, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph G. Trujillo
Notary Public

My Commission Expires:
October 5, 1960.

I do hereby certify that the foregoing is
a complete and true copy of the proceedings in
the Public Hearing of Page No. 1451,
held by me on May 28, 1955.
W. L. [Signature], Manager
New Mexico Oil Conservation Commission