

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1593

TRANSCRIPT OF HEARING

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February 4, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Application of The Texas Company for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing a 241-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NE/4 of Section 5, Township 20 South, Range 37 East, and the S/2 SE/4 of Section 32, Township 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to applicant's J. W. Cooper Well No. 5 located 1668 feet from the North line and 1650 feet from the East line of said Section 5.

CASE NO.

1593

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 1593.

MR. PAYNE: Case 1593. Application of The Texas Company for a non-standard gas proration unit.

MR. UTZ: You may proceed, Mr. White.

MR. WHITE: Charles White, of Gilbert, White & Gilbert, Santa Fe, New Mexico, appearing on behalf of the applicant. We have one witness, Mr. Ross.

MR. UTZ: Are there any other appearances to be made in this case? You may continue.

(Witness sworn.)

J O H N B. R O S S, a witness called by and on behalf
of the Applicant, being first duly sworn, was examined
and testified as follows:

DIRECT EXAMINATION

BY: MR. WHITE:

Q Mr. Ross, will you state your full name for the record,
please?

A John B. Ross.

Q By whom are you employed and in what capacity?

A The Texas Company as district engineer.

Q And where are you presently located?

A I am located in our Midland office which supervises
activities in New Mexico.

Q Have you previously testified before the Commission,
Mr. Ross?

A Yes, I have.

Q Are you familiar with The Texas Company's application
in Case 1593?

A Yes, sir, I am.

Q Are you acquainted with their J. W. Cooper Well No.
5 located in the NE/4 of Section 5?

A Yes, sir.

Q Township 20 South, Range 37 East?

A Yes, sir.

MR. WHITE: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. White) Mr. Ross, will you refer to what has been marked as Exhibit 1, being an ownership map, and explain it to the Commission.

A This ownership map shows the location of The Texas Company's J. W. Cooper lease, which is the NE/4 of Section 5, consisting of 160.88 acres. Directly north of this Texas Company lease is a lease belonging to the Gulf Oil Company, their May Love lease, consisting of 80 acres. This lies in Section 32.

Q Is the Gulf lease that you asked to have dedicated to --

A Yes, we wish to add this Gulf 80-acre to our 160.88 acres, and form a 241-acre gas unit. Our well is J. W. Cooper No. 5, which is located 1668 from the North line of Section 5, and 1650 from the East line of Section 5.

Q Does this exhibit also show the offset operators?

A Yes, sir, it shows all of the offset operators of the surrounding gas wells in the same pay.

Q Will you now refer to what has been marked Exhibit 2 and state what it is and explain what it is intended to show.

A Exhibit 2 is a structure map contoured on top of the Penrose Lower Queen, which is the producing formation in this area, and this indicates continuity of the pay across the area in question. Actually, the proposed unit is surrounded by gas wells producing from this formation. The proposed Texas Company

gas unit is outlined in red, and the outlines of the surrounding gas units are outlined in green.

Q Is there anything significant about the Ohio Gas Unit immediately to the west?

A Yes, sir. The Ohio gas unit has been formed from acreage taken from Section 5 plus 80-acres from Section 32, which is the same thing that we propose in our application here.

Q In your opinion, is the proposed unit reasonably productive of gas from the Eumont gas pool?

A Yes, sir, it is.

Q Have you prepared a local point back pressure test exhibit?

A Yes, sir.

Q Refer first, please, to the electric log. Refer to Exhibit 3 and explain that please.

A Exhibit 3 is a copy of a gamma ray neutron log of the J. W. Cooper No. 5, which is producing from open hole, and the producing section is shown in red on this log.

Q Now, will you refer to Exhibit 4, state what it is and explain it, please.

A Exhibit 4 summarizes some pertinent data concerning this well, and I would like to call particular attention to the bottom hole pressure survey taken in 1955 which showed a bottom hole pressure of eleven hundred and twenty PSI, and a shutin pressure, tubing pressure of a thousand and eleven PSI. Also, on the

multi-point back pressure taken in 1956, which showed an absolute open flow potential of five million two hundred eighty MCF per day, the seventy-two hour shut in at that time, shut in tubing pressure was nine hundred and eighty-five PSI. The shut in tubing pressure recorded in our survey in 1957 was nine hundred and fifty-nine PSI, and the shut in tubing pressure in 1958 was nine hundred and forty PSI. This indicates that the reservoir pressure has declined very little since the well was originally completed, and therefore the producing capacity has undoubtedly declined very little from its initial absolute potential of five million two hundred eighty MCF per day.

Q Is it your opinion that this J. W. Cooper Well No. 5 will be capable of producing the gas that might be allocated to it by the additional 80-acres?

A Yes, sir, I do.

Q When was the well originally completed?

A This well was originally completed on February 24, 1954.

Q Now, Mr. Ross, will you refer to Exhibit 5 and explain that, please?

A Exhibit 5 is a summary of the monthly gas production during 1958. As indicated, it produced no gas during some periods due to low market demand. However, in other periods, it produced sizable quantities, particularly in January and March of that year.

Q Do you know what efforts, if any, Gulf has undertaken to

unitize the particular 80-acres with other operators within the section?

A Yes, sir, Gulf, at one time was negotiating with Atlantic to unitize their 80-acres with Atlantic's 40-acres, which lies immediately north. Atlantic's 40-acres is in the NE/4 of the SE/4 of Section 32, and Atlantic worked over their well and had some difficulties, with the result that they didn't obtain too good a well and would not have been able to produce the additional gas obtained through allocation of additional 80-acres, and the remaining acreage all around Gulf's 80-acres had already been unitized at that time, which is the reason they approached us.

Q Is that shown on Exhibit 2?

A Exhibit 2 shows that quite well.

MR. WHITE: If the Commission please, Gulf Oil Company sent a wire to the Commission on January 28, and I would like to read it into the record, at least a copy, if I may. This telegram is from the Gulf Oil Corporation, addressed to New Mexico Oil Conservation Commission, dated January 29, 1959, and reads as follows:

"Attention Mr. A. L. Porter, Jr. Gulf Oil Corporation has committed the 80-acre May Love Lease to the Texas Company's proposed 241-acre Eumont Gas Unit. Therefore, we concur with them in their application in Case 1593 schedule for Examiner Hearing on February 4, 1959. W. A. Shellshear, P. O. Box 669, Roswell, New Mexico."

Q (By Mr. White) Mr. Ross, is it possible for The Texas Company to unitize their 160-acres with adjoining acreage in Section 5?

A No, sir, all of the acreage in Section 5 has already been assigned to other gas wells in that section.

Q Is the royalty ownership common in this proposed unit?

A No, sir, the royalty ownership differs between the Texas Company and Gulf's acreage.

Q What is the status of the unit agreement?

A Gulf and The Texas Company have agreed as to the terms of the agreement. They are now writing the agreement and it will be submitted to the royalty owners for signature in a short time.

Q In your opinion will this proposed unit impair any correlative rights?

A No, sir, it will not.

Q And do you think it will be a feature in the prevention of waste?

A Yes, sir, I do.

Q Were these exhibits prepared under your direction and supervision?

A Yes, sir, they were.

MR. WHITE: At this time we move that the exhibits be admitted.

MR. UTZ: Without objection, Exhibits 1 through 5 will be accepted.

MR. WHITE: We have no further testimony on direct examination.

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

MR. FISCHER: Yes.

MR. UTZ: Mr. Fischer.

CROSS EXAMINATION

BY: MR. FISCHER:

Q Mr. Ross, during these months when you had no production shown in 1958, for instance April, or rather the end of May, going into June, did you have any difficulty in getting your well back on the line?

A I can't answer that, our gasoline department takes care of that, and I am not aware of any difficult they may have had.

Q Did the well water up or anything?

A I couldn't say. It has pretty good shutin tubing pressure, so I imagine that they didn't have too much trouble.

Q You say it does produce no distillate whatsoever?

A No, dry gas.

MR. FISCHER: That's all.

MR. PAYNE: I have some questions.

EXAMINATION BY MR. PAYNE:

Q This proposed unit is completely surrounded by Eumont gas pool units, is it not?

A Yes, sir, it is. On Exhibit 2 I have outlined those, with the wells shown thereon.

Q Is that acreage somewhere near the middle of the pool?

A I can't answer that.

Q It is not near the edge, or is it?

A It is surrounded completely by producing gas wells in this pay in all directions.

MR. PAYNE: Thank you.

EXAMINATION BY MR. UTZ:

Q Mr. Ross, can you tell me how far the Well No. 5 is from the South and West lines of the unit?

A It is 990 feet from the West line and 972 feet from the South line.

Q Have you had any indication of whether or not the royalty owners are willing to sign this unit agreement?

A No, sir.

MR. WHITE: Do you have any reason to believe that they will ^{not} sign it?

A We have no reason to believe that they won't, let's put it that way. Of course, they would have to sign it before we could pool that, naturally.

Q (By Mr. Utz) Yes, sir, I will bring that out.

MR. FISCHER: Mr. Ross, those two Gulf wells, what producing formation do they produce oil from?

A I am not familiar with that.

Q (By Mr. Utz) Mr. Ross, it would be satisfactory with the Texas Company, would it not, if the effective date of this unit,

if we should approve it, would be the date of the unit agreement?

A I can't see any reason to object to that. Do you Mr. White?

MR. WHITE: No, sir.

A Because we can't put it into effect until the agreement becomes effective.

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

(Witness excused.)

MR. UTZ: Are there any statements to be made in this case? If not, the case will be taken under advisement.

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

I, Joseph A. Trujillo, Notary Public in and for the County of Beranlillo, 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 9th day of February, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
 NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner's hearing of Case No. 1583, heard by me on Feb. 4, 1959.

Joseph A. Trujillo, Examiner
 New Mexico Oil Conservation Commission