

MAIN OFFICE OCC

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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 20, 1959

EXAMINER HEARING

IN THE MATTER OF:

Case 1675

DEARNLEY - MEIER & ASSOCIATES
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BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
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EXAMINER HEARING

IN THE MATTER OF:

Application of Hill and Meeker for six non-)
standard oil proration units. Applicant, in)
the above-styled cause, seeks an order es-)
tablishing six non-standard oil proration)
units for Delaware production on its State) Case 1675
"36" Lease comprising all of partial Section)
36, Township 26 South, Range 32 East, Lea)
County, New Mexico, with each of said non-)
standard oil proration units to consist of)
approximately 44 acres.)

BEFORE:

Mr. E. J. Fischer, Examiner

TRANSCRIPT OF HEARING

MR. FISCHER: The next case, 1675.

MR. PAYNE: "Application of Hill and Meeker for six
non-standard oil proration units."

MR. McKENNA: Mr. Examiner, my name is Thomas F.
McKenna, attorney-at-law here in Santa Fe, and representing Hill
and Meeker in this petition. May I at the outset, for the
purpose of convenience, request that on our plat which is a part
of our application, if we might number the well and the proposed
well locations reading from left to right and again from left
to right as Nos. 1, 2, 3, 4, 5 and 6.

Gentlemen, I would like to first move some technical oral amendments to our application. If the Examiner would note the plat which we have submitted, the acreage would be computed as 266.06 acres. Now, our surveyor advises us, and apparently his computation is correct howsomever, the United States Public Land Surveys would show that there would be a total of only 259.76 acres. Accordingly, the divisions on the plat would be reduced approximately to 43.30 acres each rather than the 44.29 to 40 acres mentioned.

We would like, however, to be understood that we intend to request the Cadastro Engineer of the United States Public Lands System to enter into a dependent resurvey of that Section 36 so that we can have the exact acreage reflected, and if such be the case and if our surveyor is correct, we would like, so-to-speak, preserve the rights of Hill and Meeker as to what we believe is the correct acreage, 266.06. However, this morning we wish to proceed on the Public Lands Survey 259.76 acres.

In addition, the Commission Examiner might note that as we have divided the acreage with what might be referred to as artificial boundary lines, none of the proposed locations, five proposed locations nor the producing well is unorthodox, but by virtue of the extension of the inner boundary lines of the survey system, the Public Land Survey System, it would appear that the proposed locations 3, 4, 5 and 6 might be unorthodox

due to the 330 foot factor. We would like to so move that our application include permission for these unorthodox locations.

MR. PAYNE: You wouldn't be crowding any offset operators, is that right?

MR. McKENNA: No. I would like to move that that amendment be accepted.

MR. FISCHER: The amendment will be accepted if there are no objections.

MR. McKENNA: I have one witness, Mr. Charles R. Grice, whom I would like to have the Commission swear as a witness, please.

CHARLES GRICE

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

DIRECT EXAMINATION

BY MR. McKENNA:

Q Mr. Grice, have you testified before an Examiner or before this Commission?

A No.

Q Will you state your age, your educational experience, where you went to school, your working experience and your degrees and so forth for the Commission?

A I am forty-one years old. I went to the University of Texas, have B.S. Degree in geology, and I worked for five years

for the Standard Oil Company of Texas as a geologist and for the past eight years have worked as a consultant geologist.

Q With whom, various people?

A Various people. Independent.

Q What is your particular connection at this point with Hill and Meeker?

A I do their consulting work in the Delaware Basin.

Q Are you familiar with this particular petition and the proposed locations to be presented this morning to the Examiner?

A Yes.

Q Are you also familiar with the other particular Delaware production of Hill and Meeker in the approximate area?

A Yes.

MR. McKENNA: I move that the gentleman's qualifications be accepted.

MR. FISCHER: They are accepted.

Q Mr. Grice, referring to the plat and application which is before the Examiner this morning, would you discuss from your opinion the proposed plan for the non-standard units from the standpoint of drainage, correlative rights and conservation, please?

A We feel that the proposed division of the acreage could more effectively drain the block. One of the problems in the Delaware is effectively draining the oil from the reservoir

and to set this up on six units, we feel that we can get more oil out of the block.

Q Do you think that the pattern which is established will result in uniform drainage pattern?

A I do.

Q Do you see any problem to conservation or correlative rights?

A No.

Q Is it true that the acreage in Section 36 being an irregular section, would compute according to the Public Land Surveys, a total of 259.76 acres?

A Would you repeat the question?

Q Is it your opinion that the Public Land Surveys would show, and from your own knowledge, that there would be a total of 259.76 acres?

A As far as I know, there would, yes.

Q That would be how many normal well locations according to the rules of this Commission?

A Six.

Q At this point you are asking for six well locations each of the approximate amount of acreage, right?

A Correct.

Q With the exception that Well No. 1 is at this point a producing well, is that correct?

6
A That's correct.

MR. McKENNA: That is all I have.

MR. FISCHER: The only exhibit you have then is this one that is attached to the application?

MR. McKENNA: May I say this, that these folks will submit an amended plat to show the Public Land breakdown of 259.76 acres, which in effect would reduce the locations to approximately, as I mentioned, 43.30 acres, but we do wish to submit that amended plat and we will do so for the Commission records.

MR. PAYNE: That will show the location of each of the wells, the footage description?

MR. McKENNA: Yes, it will.

MR. PAYNE: All right, sir.

MR. FISCHER: We'll accept this as your Exhibit No. 1 so far.

MR. McKENNA: Fine, with the amendments.

MR. FISCHER: With the amendments. Any questions of Mr. Grice?

MR. KELLAHIN: Jason Kellahin, Kellahin and Fox, Santa Fe, New Mexico appearing for Continental Oil Company. I would like to ask the witness some questions, but before doing so we would like to look at the plat. We have not seen it yet.

MR. FISCHER: In the meantime let Mr. Payne ask his

questions.

CROSS EXAMINATION

BY MR. PAYNE:

Q The No. 1 Well that you say is the producer now, what acreage is dedicated to that well at present?

A I can't answer that. I don't know what acreage is dedicated to that.

MR. McKENNA: I believe it would be 40 acres. My client advised me it is a producing well, at this point 40 acres is dedicated to the producing well.

MR. PAYNE: That would not be a standard quarter quarter section that's dedicated at present?

MR. McKENNA: Yes, it is a standard quarter quarter section. For the information of the Examiner, the producing well is located in the normal Northwest Quarter, Northwest Quarter of Section 36.

Q Do you have enough data to show that this area is a portion of the Delaware Field in Texas?

A Well, I don't have enough data to say definitely it is. I have assumed all along it is.

Q You are not attempting to establish that today, are you?

A No, sir.

Q Do you have the footage location at this time on

wells 3, 4, 5 and 6, not on the basis of your resurvey, but on the basis of the Public Lands Survey?

A No, sir.

Q That will be shown on your amended plat, however?

A Yes, sir.

MR. PAYNE: That's all. Thank you.

BY MR. KELLAHIN:

Q As I understand it, there will be an amendment to this plat on account of the difference in the surveys, is that correct?

A Yes.

Q Will that amendment to the plat affect the well locations and in what regard?

A It won't affect, well, I don't think it will affect wells 1, 2 and 3, that is correct, but will affect wells 4, 5 and 6.

Q Then your wells 1, 2 and 3 would be no closer to the lease line than are shown on your exhibit, that is the lease line toward the north?

A Correct.

Q In other words, your Well No. 1 is presently drilled at 330 foot location?

A That's right.

Q As I understand it, your other wells would be 543 feet

back from the lease line?

A Yes, sir.

Q Is that correct?

A Yes, sir.

Q Mr. Grice, do you have any objection to specifying that this will meet the location on these wells, particularly those wells 1, 2 and 3?

A No.

MR. McKENNA: So it may be clearly understood, there will be, because of that shortage of acres, some of the proration units, well, they'll all be reduced to approximately an acre, so that it will be crystal clear to Continental and to the Examiner, Wells 2 and 3 will be 330 and 543 at least.

MR. KELLAHIN: The acreage to be dedicated to the wells may vary slightly?

MR. McKENNA: Yes.

MR. KELLAHIN: It will be less?

MR. McKENNA: It will be less, with the exception that I mentioned to the Commission this morning that we think there are, as an actual matter of fact, 266. But at this point we don't wish to get into a problem of contesting the Public Land Surveys.

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

MR. FISCHER: Any other questions?

BY MR. PAYNE:

Q Has the Public Lands been approached about doing a resurvey?

MR. McKENNA: Not yet, but I believe it's the intention of Hill and Meeker to do so.

BY MR. FISCHER:

Q As I understand it, you say that all six of these tracts would be reduced approximately to one acre each?

A I think they will come out to approximately 43.30 acres each. I do that by dividing 259.76 into 6. Now, my arithmetic may be horrible. That's the formula I tried to use, I came out with 43.30 acres to each drilling tract.

MR. PAYNE: The actual location of all six wells physically will be right where it's shown on this plat?

MR. McKENNA: Yes.

Q Mr. Grice, do you know of any offset operators that might have or are contemplating at this time right now offset locations to these wells?

A There are at the present time three offset wells. I think to the No. 1, one of them is drilling and two of them are supposedly in.

Q Are these wells all in the State of New Mexico?

A Yes, sir.

Q Are you offset in the State of Texas to your 4, 5 and 6 well?

A No, sir.

Q Where is the closest Texas well, could you tell us, please?

A In Section 3 just below there approximately, it's down in the south part approximately, or 4,000 feet south into Texas in Section 3.

MR. PAYNE: Does that well still draw a discovery allowable in Texas?

A It has up till to date, but it's going on to field allowable because there have been six or seven wells in there.

MR. PAYNE: Thank you.

Q Your No. 1 well here, as I understand it, the location of it will not be changed, is that right? I mean it's footage.

A No, sir.

MR. McKENNA: That's right.

Q How is it producing now?

A You mean how much?

Q What, the mechanics of the production are and how much.

A Well, I can't answer how much. The last time I heard it was producing approximately 120 barrels off a 964 choke.

Q Then it's producing a New Mexico top allowable?

A Well, it's producing top allowable, yes.

MR. FISCHER: Any other questions of the witness?

If not, the witness may be excused. Any statements to be made?

(Witness excused.)

MR. KELLAHIN: If the Commission please, Continental Oil Company has no objection to the proposal which has been submitted by Hill and Meeker, who appear in this case, for two reasons. We foresee that there will probably be a water flood project in this area and we were interested in the well locations for that reason. We have no objection to the proposal so long as the well locations are pinned down as testified to by the witness.

There is, however, a precedent in the state line leases for a combination of lots along the state line for development, and the northern portion of the lease in a situation such as this would be developed on a normal standard pattern.

Continental Oil Company, as owner of the offsetting lease, has a peculiar problem in that the leases which they operate is actually two separate leases, and it would not be possible for them to develop their acreage on a similar pattern, but to follow the conventional plan of combining the lots along the southern tier and develop them on two wells rather than spacing them as proposed here. Aside from that we do feel that the drainage pattern as proposed by the witness is a satisfactory one, and we have no objection to it.

MR. FISCHER: Any other statements to be made in this case? The case will be taken under advisement.

MR. McKENNA: If I understand correctly, Continental is the only offset operator of concern here in this matter?

MR. PAYNE: The only one that has appeared here today, yes, sir.

MR. McKENNA: Yes.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this ^{1st} day of June, 1959.

Ada Dearnley
Notary Public-Court Reporter

My Commission Expires:

June 19, 1959.

BEFORE EXAMINER FISCHER
OIL CONSERVATION COMMISSION

Exhibit No. 1675
Case No. E. J. Fischer