

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1774

TRANSCRIPT OF HEARING

SEPTEMBER 30, 1959

BEFORE THE
OIL CONSERVATION COMMISSION
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IN THE MATTER OF: :

CASE 1774 Application of Continental Oil Company for a :
non-standard gas unit. Applicant, in the above: :
styled cause, seeks the establishment of a 160-: :
acre non-standard gas unit in an undesignated : :
Tubb gas pool consisting of the E/2 NW/4 and : :
the W/2 NE/4 of Section 15, Township 20 South, : :
Range 37 East, Lea County, New Mexico, said : :
unit to be dedicated to the applicant's Britt : :
B-15 No. 10 Well, located in the SW/4 NE/4 of : :
said Section 15. : :

BEFORE:

Daniel S. Nutter, 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. NUTTER: The hearing will come to order, please.
The first case on the docket will be Case 1774.

MR. PAYNE: Case 1774. Application of Continental Oil
Company for a non-standard gas unit.

MR. KELLAHIN: Jason Kellahin, Kellahin & Fox, Santa
Fe, representing the applicant, and we have one witness.

(Witness sworn)

JOHN A. QUEEN,
called as a witness, having been first duly sworn, testified as
follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Will you state your name and occupation, please?

A John A. Queen, division engineer for Continental Oil Company at Roswell, New Mexico.

Q Mr. Queen, have you testified before this Commission as a petroleum engineer and had your qualifications accepted as an expert?

A Yes, sir, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, sir.

Q Mr. Queen, are you familiar with the application in Case 1774?

A Yes, sir, I am.

Q Would you review this briefly?

A Yes, sir. In April of 1959 Continental recompleted their Britt B-15 No. 9 located in Section 15, Township 20 South, Range 37 East in what is now called the Weir Tubb gas pool, and is an extension to the Weir Drinkard oil pool. This was a discovery in the Tubb gas and was called an extension in the Drinkard oil. However, in our opinion, it may or may not be connected. If I may pass out what we will call Exhibit No. 1, I would like to -- if you will refer to what I have marked Exhibit No. 1, which is a location plat of the general area of the Weir Tubb Pool, you

will note that we propose to drill the Britt B-15 No. 10 as a direct offset to the Britt B-15 No. 9. The Britt B-15 No. 9 is marked in green, and it's a gas Tubb gas proration unit which has been previously approved by this Commission, is outlined in green, and the proposed location of the Britt B-15 No. 10 is shown in red, and our proposed gas Tubb gas proration unit is outlined in red. Our structure interpretation of this area indicates this location will be oil productive in the Drinkard and gas productive from the Tubb. We are now petitioning the Commission for an N.S.P. to be assigned to the proposed well, Britt B-15 No. 10. And from the location, or Exhibit No. 1, you can see that the circled red area consists of the E/2 of the NE/4 and the W/2 of the NW/4 of Section 15. The reason why, as stated briefly, in our testimony on our Britt B-15 No. 9, the E/2 of the E/2 of Section 15 lies within the Semu S-e-m-u unit; this is the Southeast Monument unit. And if we overlapped this unit with the Britt B-15 lease proper, it would call for complete unitization as if it were two properties. And this unitization and communitization of the property would be required to form a standard gas proration unit. Both of these procedures would be time-consuming and costly, and the discovery well now has an NSP assigned to it, and it is proposed that we assign an NSP to the north offset proposed location. At this time it is impossible to tell the size of this field. We anticipate a fairly small field. Upon the drilling of one or two more wells and proper coring and logging program, we may be better

able to distribute the acreage under this property as it should be. This remains to be seen. And the method we propose appears to be the most likely one to cause the least amount of waste in both oil and money.

Q Mr. Green, do you know whether a unit as outlined on Exhibit No. 1 has been approved by this Commission for the Britt B-15 No. 9 Well?

A Yes, sir, it has been approved.

Q And it was approved on the same basis as is proposed in this application?

A That is correct.

Q In your opinion, would the assignment of a non-standard unit to the Britt B-15 No. 10, as proposed in this application, jeopardize correlative rights?

A No, sir, it would not.

Q Would any economic waste result as a result of the approval of this application?

A No, sir, it would not.

Q Was Exhibit No. 1 prepared by you or under your direction and supervision?

A Yes, sir, it was.

MR. KELLAHIN: At this time we would like to offer in evidence Exhibit No. 1.

MR. NUTTER: Without objection Exhibit No. 1 will be entered in Case No. 1774.

MR. KELLAHIN: That's all the questions we have, Mr. Nutter.

CROSS EXAMINATION

BY MR. PAYNE:

Q Mr. Queen, is this now in the Weir Tubb rather than an undesignated Tubb?

A That is correct. We received this word approximately ten days to two weeks ago.

Q And the Weir Tubb is not prorated, is it?

A As I understand, the Weir Tubb will be prorated in the manner as commonly used in the Tubb gas pool.

Q Are there any Tubb units to the east or west --

A No, sir.

Q -- of your proposed unit? And that southeast Monument unit, there is no Tubb production as yet?

A No, sir.

Q Nothing to the west either?

A No, sir. There is a Tubb oil well approximately one mile to the west, and I do not have the name of that well, and it is downdip from the area in which we are concerned. It is over a mile away.

MR. PAYNE: Thank you.

MR. NUTTER: Any other questions of the witness?

A I would like to state that we are producing this well -- plan to produce it in line with the Tubb gas rules until such time

as they are changed.

MR. PAYNE: Even though you are not required to do so?

A No.

QUESTIONS BY MR. NUTTER:

Q Mr. Queen, when was the Weir Tubb gas pool created by the Commission?

A I believe two weeks ago. The Weir Drinkard pool was originally set up some two or three years ago by the drilling of a well on the South Monument property approximately one and one half miles to the southeast, maybe not one mile, and up to that time we had asked for this Britt B-15 No. 9 to be classified in the Britt Tubb pool. It was immaterial to us when they did classify it, as they have now done.

Q Now, you haven't drilled this No. 10 Well yet, have you?

A No, sir. The paper work has been processed through our company waiting partner approval.

Q Approval of this non-standard unit probably would be contingent upon successful completion of a gas well for the acreage?

A It is my understanding that we would receive approval of this. Of course, if there were no gas productive acreage there, it would be disbanded, but I would presume that we would wait receipt of this or a letter from the Commission stating that it would be approved upon successful completion of a Tubb gas well.

Q Now, is the E/2 of the E/2 of Section 15 dedicated to any well?

A No, sir, it is not. We have a hearing coming up, 1775, in which we will ask for the E/2 of the SE/4 of 15, and W/2 of the SW/4 of Section 14 as a Tubb and Drinkard -- as a Tubb gas proration unit, pardon me.

Q This other companion case will seek another portion of Section 15 to be considered as a non-standard unit?

A That is correct.

Q If you had a well in the W/2 of the W/2 of Section 15 --

A It would have to be communitized with property outside of the Britt B-15 lease or elongated 160-acre proration unit could be assigned. This is the problem that I originally brought up. If the size of the pool can be determined at the time of drilling, the Britt B-15 No. 10 or the SEMU No. 70, which is involved in Case 1775, at that time it may be that the most equitable manner would be to ask for a change in these two proration units and go to two elongated 160-acre units immediately, to start from there on standard proration units. I would like to state we propose to drill the SEMU No. 70, which is an east offset to the Britt B-15 No. 9, first rather than the No. 10, as shown in this case. This will help us, we feel, to determine approximately the size of the pool. We also could add that we believe that the Blinberry to be gas productive in this area, which we hope to prove in the SEMU

No. 70, and if it is productive, we look forward to numerous completions in the Drinkard and Tubb.

Q Is this within the horizontal limits of the Blinebry Pool.--

A The Blinebry Pool, as --

Q -- as presently defined?

A As presently defined, I do not know, sir.

Q I take it that Continental feels it would be impractical to communitize the NE/4 of Section 15 to form a standard 160-acre unit?

A It would be costly, and, in our opinion, in no way improve the pattern of the field. It would be just as if we were communitizing with two separate pieces of property entirely, owned by two different people.

QUESTIONS BY MR. PAYNE:

Q I believe you stated your reason here was so you wouldn't have to unitize, the reason you wanted this proposed unit rather than a standard unit, so you wouldn't unitize with the southeast Monument unit.

A That is correct.

Q Aren't you unitizing the Tubb formation and a portion of Section 14 as regards the SEMU 70 Well?

A No, sir, that is all one common property, the E/2 of the E/2 of Section 15, and all of Section 14 is in the SEMU area. I would also add that the Britt B-15 lease is owned by the same

people -- companies as the SEMU. There is no difference in ownership or in royalty. However, the procedures of unitization would not change and the cost involved would not change.

MR. PAYNE: Thank you.

MR. NUTTER: Any further questions?

MR. UTZ: Yes, sir.

MR. NUTTER: Mr. Utz.

QUESTIONS BY MR. UTZ:

Q What was the discovery well again?

A The Britt B-15 No. 9, which is encircled in green and is in the NW of the SE of Section 15.

Q Is that the only well now completed in the Weir Tubb?

A That is correct.

MR. UTZ: Thank you.

MR. NUTTER: Any other questions? The witness may be excused.

(Witness excused)

MR. NUTTER: Does anyone have anything further they wish to offer in Case 1774? Take that case under advisement and take 1775.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

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 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 12th day of October, 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 hearing of Case No. 1774,
heard by me on 9-30, 1957.

[Signature], Examiner
New Mexico Oil Conservation Commission