

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

In the Matter of:

CASE 2068 Application of Gulf Oil Corporation for three non-standard gas proration units in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order establishing the following-described non-standard gas proration units in the Jalmat Gas Pool, Lea County, New Mexico:

(1) A 320-acre unit consisting of the E/2 of Section 4, Township 22 South, Range 36 East, to be dedicated to the J. F. Janda Well No. 13, located 660 feet from the South and East lines of said Section 4.

(2) A 480-acre unit consisting of the SE/4 of Section 33 and the SW/4 of Section 34, both in Township 21 South, Range 36 East and the NW/4 of Section 3, Township 22 South, Range 36 East, to be dedicated to its W. A. Ramsay "A" Well No. 1, located 330 feet from the South and West lines of said Section 34.

(3) A 160-acre unit consisting of the SW/4 of Section 4, Township 22 South, Range 36 East, to be dedicated to the J. F. Janda "F" Well No. 7, located 1980 feet from the South and West lines of said Section 4.

Mabry Hall
September 7, 1960

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF PROCEEDINGS

MR. UTZ: The hearing will come to order. The next case, 2068.

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MR. PAYNE: Case 2068, "Application of Gulf Oil Corporation for three non-standard gas proration units in the Jalmat Gas Pool."

MR. KASTLER: Bill Kastler from Roswell, New Mexico, appearing on behalf of Gulf Oil Corporation, and our only witness in this case is F. W. Bud Moran.

(Witness sworn in.)

MR. UTZ: Are there other appearances in this case? You may proceed.

(Thereupon, the documents were marked as Exhibits One and Two for identification.)

FRANK MORAN, JR.

a witness, called by and on behalf of the Applicant, having first been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Will you please state your name, by whom you are employed and what your present position is?

A My name is Frank Moran, Junior, I am employed by Gulf Oil Corporation in their Roswell District Office.

Q Have you become familiar with Gulf's application in Case Number 2068?

A Yes sir, I have.

Q Briefly, will you explain what Gulf is seeking in its application in this case?

A Gulf is seeking exception to Rule 5-A of the Jalmat

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Gas Pool Rules to establish a non-standard gas proration unit, and also exception to Rule 5-B of the general rules and regulations for prorating gas pools in Southeastern New Mexico to allow assignment of 320 acres to the J. F. Janda "F" Well Number 13. In addition, Gulf is--in addition to this application, provides for the re-arrangement of two previously approved gas proration units, such that Applicant can assign 320 acres to the J. F. Janda "F" Well Number 13.

Q Have you prepared a plat for introduction in this case as Exhibit Number One which will show the present acreage in the area which is material to this hearing in the Jalmat gas pool?

A Yes sir, I have.

Q Referring now to Exhibit Number One, would you please describe the acreage that is presently dedicated to the gas proration units insofar as this hearing is involved?

A Insofar as J. F. Janda "F" Well Number 7 is concerned, at the present time the south half of Section 4, Township 22 South, Range 36 East is dedicated to that well, and insofar as William A. Ramsey "A" Well Number 1 is concerned, the southeast quarter of Section 33 and the southwest quarter of Section 34, all in Township 21 South and Range 36 East, and the northeast quarter of Section 4 and the northwest quarter of Section 3, all in Township 22 South, Range 36 East, is dedicated to William A. Ramsey "A" Well Number 1.

Q Are these two present units shown on Exhibit Number One by red shading and contained within a blocked area?

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A Yes sir, they are.

Q Why are these present two gas units unsatisfactory?

A We seek to form the aforementioned gas proration units because the deliverability the J. F. Janda Well Number 7 in Section 4 has declined and it is unable to produce its presently assigned allowable. In addition, the William A. Ramsey "A" Number 1 deliverability has declined, such that the well is not able to produce its assigned allowable. In both cases, during the last balancing period, several million cubic feet of gas were cancelled because each of those wells could not make their assigned allowable.

Q Referring now to Exhibit Number Two in Case 2068, what proposal has been made by Gulf to remedy this unsatisfactory situation, and in this connection, state the proposed unit?

A Gulf proposes to remove 160 acres from the 320-acre unit assigned to the J. F. Janda "F" Well Number 7, and remove also 160 acres from William A. Ramsey "A" Number 1, and assign that acreage removed to J. F. Janda "F" Well Number 13, being the east half of Section 4, Township 22 South, Range 36 East.

Q What is the history and the present status of the J. F. Janda Well Number 7 --

A This well at the present time is dually completed between the Jalmat Gas Pool and the Eunice South Oil Pool. The Jalmat Gas Pool, was originally completed in the Jalmat Gas Zone, was originally completed in October, 1957, and on a fifteen-minute company test, this well flowed at a rate of 1,236 MCF per day with a back pressure



of 545 pounds. In December of that year, workover operations were conducted, and after completion of these operations, in February, 1958, the well flowed at a rate of 797 MCF per day with a back pressure of 500 pounds. In March of 1958, on an OCC back pressure test, the result shows an absolute potential of 1,070 MCF per day. Successive deliverability tests taken since that time have shown that the well has a deliverability of--had a deliverability of 464, 528 and 443 MCF per day. It is very doubtful if that--that the deliverability of this well could be improved to any great extent by workover since the initial potential was low, and subsequent workover operations have been unsuccessful insofar as improving its deliverability.

Q Referring now to J. F. Janda "F" Well Number 13, which is shown on Exhibit Number Two, would you give the history and the present status of this well?

A At the present time, this well is in the process of being dually completed between the Jalmat Gas Pool and the South Eunice Oil Pool. Such dual completion authorization has been approved by the Commission by Order Number DC 882 dated March 2nd, 1960. This well originally--was originally completed in the South Eunice Oil Pool in November, 1957. On a company test taken recently on the Jalmat Gas Pool interval, the well produced at an estimated deliverability of 13,800 MCF per day at a back pressure of 500 pounds. We anticipate that an OCC back pressure test will be taken shortly on this zone.



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Q The location of this Well Number 13 is--do you have it as 660 --

A Yes, sir.

Q --from the east and from the south line?

A Yes sir, it's located 660 feet from the south and east lines, and that is the reason for the request for an exception in this instance. In order to assign the 320 acres that we wish to assign to the well, according to the Rule 5-B, I believe it is, the well should be 660 feet from the--1980 feet from the two nearest boundary lines.

Q Will you give the present status of the William A. Ramsey Well Number 1, presently holding a 640-acre unit?

A Well, at the present time, it is a single completion in the Jalmat Gas Pool, and as you have mentioned, it has at the present time 640 acres assigned to it. During the last balancing period, this well has had cancelled, due to the fact it could not make its production, its assigned allowable as well as the fact the pipeline would not take the assigned allowable, it has cancelled approximately 260 million cubic feet of gas during the last balancing period; consequently, we feel like by re-arranging this unit as well as the Janda "F" Number 7, we could bring the allowable of these two wells more in line with their deliverability and the pipeline takes.

Q What was the cancelled, unproduced allowable?

A On the William A. Ramsey Number 1, approximately 260



million cubic feet.

Q In your opinion, are all the lands involved in this hearing productive of the gas in the Jalmat Gas Pool?

A Yes sir, they are.

Q Would you refer to Exhibit Number One and indicate other outlying units in the Jalmat Gas Pool, or in the adjoining Eumont Gas Pool?

A The red boundary lines indicate the present Eumont gas units, and of course also shown by green circles are the unit wells, and those areas surrounded by red lines of course are presently designated Jalmat gas pool units.

Q And the areas surrounded by green lines on Exhibit Number One are units presently productive and presently constituted in the Eumont gas pool?

A Yes, sir, they are.

Q The northwest quarter of the northwest quarter of Section 4 does not appear to be in any present designated Jalmat gas unit; is this area, or this acreage producing at all?

A Yes, sir.

Q From the Jalmat Gas Pool?

A Yes sir, in this northwest quarter of Section 4, Well Number 3 at the present time is a Jalmat oil well and it has a high gas-oil ratio of over 48,000 cubic feet per day.

Q By this application, does Gulf seek to fit any acreage to gas production that has not heretofore been allocated on a gas



unit?

A No.

Q Or any that is not presently allocated to a gas unit?

A No, sir.

Q In other words, then Gulf is merely proposing to produce gas out of three wells rather than two wells and re-arrange the units so that the acreage involved will be in a better position to produce its allocated allowables?

A Yes, sir.

Q By the granting of this application, in your opinion, will Gulf be in a better position to produce its fair share of the gas in place under the existing allocation formula?

A Yes, sir.

Q In your opinion, would the correlative rights of any offset operators be adversely affected if this application were approved?

A No, sir.

Q What is the status of Gulf's leasehold interests in this area?

A They are all State-owned lands.

Q Has the Commissioner of Public Lands approved of the necessary consolidated, or amended allocation of leases to accomplish the purposes sought here?

A Yes, sir.

Q Have all offset operators within 1500 feet from the



proposed unit wells been notified of this application?

A Yes sir, they have.

Q Were Exhibit Numbers One and Two prepared by you or under your direction?

A Yes sir, they were.

MR. KASTLER: I would like to move at this time for the introduction of Exhibits One and Two into evidence in this case, and this concludes my direct testimony.

MR. UTZ: Without objection, Exhibits One and Two will be entered into the record.

EXAMINATION BY MR. UTZ:

Q Mr. Moran, what this actually amounts to is that you now need three wells rather than two to drain the 960 acres in the original length of time, is that about it?

A Yes sir, that is correct; in addition to that, Mr. Examiner, I would like to point out that the assigned gas units to the west and to the south and to the east of the requested gas unit all have deliverabilities much higher than our J. F. Janda "F" Well Number 7, which indicates of course in order to protect our property from drainage, we certainly have to develop further production in that particular section to protect our rights.

Q How is the overriding royalty interest in the east half of Section 4, is it common?

A I'm sorry, Mr. Examiner, I don't know. I don't know what the status of that is; I can find out and let you know.

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Q That whole half section is State land, however?

A Oh, yes sir, it is.

Q Well, in the event that the interests were different, all it amounted to is that they would receive their royalty from a different well, that being the Number 13, rather than the other two wells, is that right?

A Yes, sir.

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

EXAMINATION BY MR. NUTTER:

Q Does Gulf presently have a unit in the northwest quarter of Section 4, sir?

A No sir, they don't. There's no acreage assigned to any gas well in that area; there's an oil well, which is well number three, and that is in the status of a quarter section.

Q Do you contemplate creating a unit or well on the Jalmat Gas Pool in that area?

A No, sir.

Q Is that area productive of gas?

A Yes sir, it is.

Q So that gas that's under that quarter section is presently being drained by some other well in the area, I presume, is that correct?

A I assume so, yes sir.

Q Is that State land, sir?

A How is that, sir?



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Q Is that State land?

A Yes, it is.

MR. NUTTER: Thank you.

MR. UTZ: You did testify, however, that the Number 3 had a 48,000 to 1 GOR in the Jalmat Pool, right?

A That is correct.

MR. PAYNE: Mr. Moran, as you pointed out in your direct testimony, the Jalmat rules provide that in order to dedicate 320 acres to a gas well, it is supposed to be located 660 and 1980 from the closest boundary line, and inasmuch as your proposed Well Number 13 is 660, 660, do you feel that you are going to impair the correlative rights of Western Natural Gas and Texas and Pacific Coal and Oil Company on their wells to the south?

A No sir, I don't.

MR. PAYNE: And as far as you know, they haven't entered any objection to your application?

A No sir, they haven't.

MR. PAYNE: Thank you.

MR. UTZ: Any other questions? The witness may be excused. (Witness excused.)

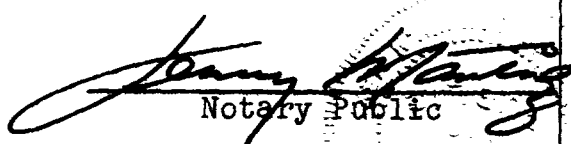
MR. UTZ: Any statements in this case? The case will be taken under advisement.



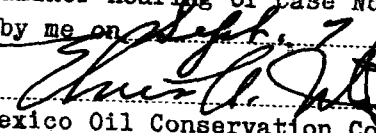
STATE OF NEW MEXICO)
: ss
COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Santa Fe, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a true and correct record of said proceedings to the best of my knowledge, skill and ability.

Dated at Albuquerque, New Mexico, this 11th day of September, 1960.


Notary Public

My Commission Expires:
January 24, 1962

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2065, heard by me on Sept. 7, 1960.

Examiner
New Mexico Oil Conservation Commission

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