

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF:

Application of Ford Chapman for a
42.35-acre non-standard oil proration
unit, Eddy County, New Mexico.

CASE NO. 2398

TRANSCRIPT OF HEARING

OCTOBER 4, 1961



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OIL CONSERVATION COMMISSION
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IN THE MATTER OF:

Application of Ford Chapman for a
42.35-acre non-standard oil proration
unit, Eddy County, New Mexico. Appli-
cant, in the above-styled cause, seeks
the establishment of a 42.35-acre non-
standard oil proration unit in an unde-
signated Delaware pool comprising Lot 12,
Section 34 and Lot 9, Section 35, all
in Township 26 South, Range 29 East,
Eddy County, New Mexico, said unit to be
dedicated to the Curtis Hankamer Gulf-
Federal Pipkin No. 1 Well, located 330
feet from the South line and 605 feet
from the East line of said Section 34.

CASE NO. 2398

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2398.

MR. MORRIS: Application of Ford Chapman for a
42.35 acre non-standard oil proration unit, Eddy County, New
Mexico.

MR. BRATTON: Howard C. Bratton appearing for the
applicant.

FORD CHAPMAN,

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

DIRECT EXAMINATION

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325 1182

ALBUQUERQUE, N. M.
PHONE 243 6601



BY MR. BRATTON:

Q Will you state your name, sir.

A Ford Chapman.

Q Are you the owner and operator of the well which is the subject of this application?

A I am part owner and operator.

Q How long have you been in the oil business, Mr. Chapman?

A Thirty-one years.

Q You are an independent operator and drill your own wells and produce your own wells?

A Yes, sir.

Q You did drill this well which is the subject of this application?

A Yes, sir.

Q And you are familiar with the acreage situation surrounding it?

A Yes, sir.

Q Alright, sir. Will you state briefly, Mr. Chapman, what you are requesting here and why?

A We drilled a discovery well across the line in Texas this Spring and at that time Gulf supported this hole in New Mexico and offset two of their leases, one of them directly and another more diagonally. Sometime after we had completed



this discovery well, the primary period of these leases were coming close and I made a deal with them to drill a well for offsetting 40-acres and ---

EXAMINER UTZ: For offsetting the well in Texas?

MR. BRATTON: The situation is shown, I believe, is it not, on the plat which is attached to Exhibit 1?

A Yes.

BY MR. BRATTON:

Q Your No. 1 Well in Texas well was the discovery well?

A Yes, and this is offset, too. And we, not being so familiar with the laws of New Mexico, I think that it would be one proration unit and I found out that we have to have a hearing to have it made into a proration unit, a single proration unit, and that's the purpose of the hearing.

Q Now, Gulf farmed out to you the two approximately 20-acre tracts which you want to combine?

A Yes.

Q On the basis which you drilled your No. 1 Well in that lot number 12?

A Yes, sir.

Q Does Gulf own all of the rest of that acreage in 34 and 35?

A Yes, sir, that is to my knowledge they do. That's my knowledge. I have never seen any other name on the ownership



Q Gulf just farmed that out to you, these two 20-acre tracts?

A Yes.

Q That's all you have in the area?

A Yes, sir.

Q Have you obtained a geological report, Mr. Chapman, which is marked Exhibit 1?

A Yes, sir. We had that done by a very reliable firm in Midland, Osborne & Thompson.

Q Very briefly, without detailing it, what does it show as to the situation in this small pool?

A Well, it shows that this unit would be producing from the Delaware pay more or less flat right in that particular area and it doesn't show it to be a very large field. The entire field would have, I believe, possibly five or six more wells at the most in it. I think there is about two feet difference in the bottom of my well and Gulf's wells to the Northwest and there is no room for any other wells for Gulf, except maybe on Tract 5.

Q Is there any possibility of your communitizing Tract 12 and Lot 11?

A NO. That is a different lease. They drilled their well on Lot 6 to satisfy that lease.

Q In other words, Gulf owns Lot 11 and they wouldn't be



willing to communitize with you at this point?

A No.

Q What is the cost of a well in this area?

A Well, I believe it was Twenty Nine Thousand, something in that neighborhood.

Q What would the economics of that be after you reduced the allowable if you were just allowed a proportionate allowable?

A It would cut it in about half and in view of the fact it would be --- I wouldn't drill a well over on the adjoining lot there. It would only be a half allowable and half royalty there and the situation would never be changed. From an economic standpoint and from a reservoir standpoint, it wouldn't be advisable to drill a well.

Q Gulf does have the surrounding lots there?

A Yes.

Q And the pool is not apt to drain off of their acreage?

A I don't think so.

Q So that this would not develop into an irregular proration situation extending over any degree and affecting other people?

A No, sir.

Q Is there anything further you care to offer in connection with this case, Mr. Chapman?

A No, sir, not that I know of.



MR. BRATTON: We would offer applicant's Exhibit No. 1 in evidence, and also we would like to mark as Exhibit 2 and offer into evidence a letter from Gulf Oil Corporation saying that they have no objection to this application.

EXAMINER UTZ: Without objection, Exhibits 1 and 2 will be entered into the record of this case.

MR. BRATTON: That's all I have.

BY MR. UTZ:

Q I believe you stated that from the geological standpoint it would not be feasible to drill a well in lot 9?

A Not from an economic standpoint.

Q Because of the smallness of the lots?

A The smallness and the allowable. In other words, it wouldn't justify our drilling 40-acres spacing across in Texas.

Q Do you feel that your Exhibit 1 shows that this lot 9 is productive?

A Yes, sir.

Q Do you feel that the location of your Pipkin No. 1 is sufficient; that it would drain lot 9?

A Yes, sir, I do. If you will notice here how Gulf has theirs located, the only other place to keep the pattern going would be to drill a well in lot 8, that way it would space the wells fairly within a reasonable production pattern.



Q Actually, the well might drain a little in Texas oil?

A Well, yes, it would be coming off us, though.

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

The witness may be excused.

Are there any other statements in this case?

MR. BRATTON: Frankly, I don't know why Gulf farmed out these two 20-acre tracts to Mr. Chapman. I am sure he doesn't -- they are both on the same lease, so it is not a case of splitting the whole lease. I don't believe anybody else would be hurt, except as you say, bringing a little Texas royalty into New Mexico, and for that reason I believe that Mr. Chapman's application could and should be granted. I don't think it would hurt anybody. It would be a hardship on him if it were not granted.

EXAMINER UTZ: Are there any other statements?

The case will be taken under advisement.

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DEARNLEY-MEIER REPORTING SERVICE, Inc.

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STATE OF NEW MEXICO)
COUNTY OF SAN JUAN) ss.

I, THOMAS F. HORNE, Notary Public in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing was reported by me in Stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my skill and ability.

DATED this 28 day of October, 1961, in the City of Farmington, County of San Juan, State of New Mexico.

Thomas F. Horne
Notary Public

My commission expires:

11-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2388, heard by me on Oct. 4, 1961.
Thomas A. [Signature], Examiner
New Mexico Oil Conservation Commission

THE OILY OILIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
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